

An Asian-based Technology Company Effectively Evaluates Chinese Government Entities

THE CLIENT:

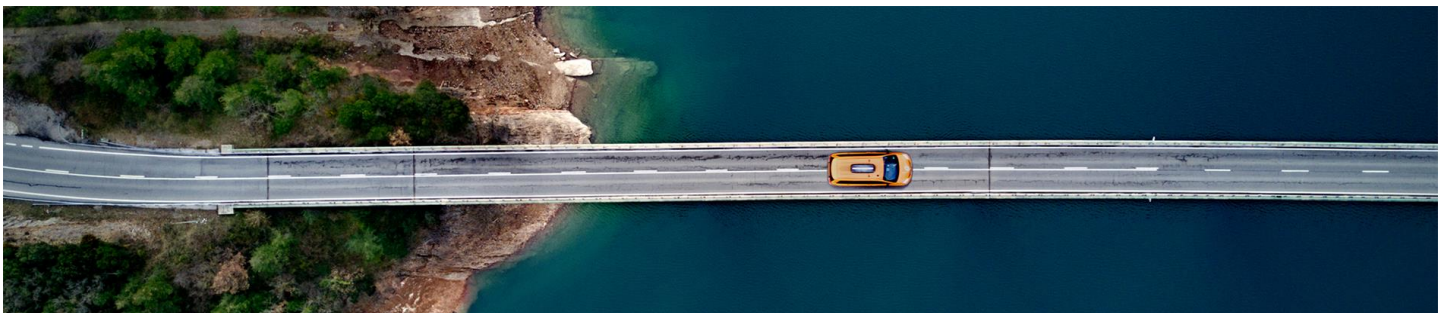
A large technology company headquartered in Asia

USERS:

The credit risk management team

Nearly 40% of organizations responding to a 2021 survey by S&P Global Market Intelligence ("Market Intelligence")¹ reported increased usage of public cloud – an IT model where computing services and infrastructure are managed by a third-party provider. According to the survey, this was a trend prior to the onslaught of COVID-19, but the pandemic acted as a catalyst that forced many organizations to pivot toward digital business models more rapidly. The Chinese public sector is no exception, and has been adopting cloud computing rapidly as a way to implement various e-government initiatives.

The credit risk management team at this large Asia-based technology company had established an internal credit risk rating system for most of its customers. Over the past several years, local and regional governments (LRGs) in China became important users of the company's cloud services, creating a need to evaluate the creditworthiness of this customer segment, as well.



¹ "Voice of the Enterprise: Cloud, Hosting & Managed Services, Budgets & Outlook 2021".

Pain Points

The credit risk management team did not have access to good fundamental data for Chinese LRGs, nor a sound methodology for assessing potential risks. They wanted to identify a third-party provider that understood the Chinese market and could deliver:

- **High-quality budget data** for LRGs.
- Insights into **local government financing vehicles (LGFVs)**.
- **A quantitative model to generate credit scores²** to understand possible vulnerabilities with customers and the possibility of default.
- **Financial information** presented in USD currency, as well as CNY.
- **A powerful, yet easy-to-use, desktop platform** for data retrieval, display and analysis for both Chinese- and English-speaking users.
- **High-touch support** to assist the team as it evaluated this new part of the market.

This company had been a long-time client of Market Intelligence and reached out to discuss how the firm could assist.

As cloud-based services began to take hold in new segments of the Chinese market, the credit risk management team at this technology company needed access to different data and analytic tools to support its counterparty reviews.

² S&P Global Ratings does not contribute to or participate in the creation of credit scores generated by S&P Global Market Intelligence. Lowercase nomenclature is used to differentiate S&P Global Market Intelligence credit model scores from the credit ratings issued by S&P Global Ratings.

The Solution

Market Intelligence specialists discussed the robust S&P Global China Credit Analytics platform that could meet all of the credit risk management team's needs – and more. This comprehensive one-stop solution for advanced credit insights on Chinese public and private companies, bond issuers, and government-related entities (GREs) would enable the team to:



Review budget details for LRGs

Fiscal and macroeconomic data is available for ~600 LRGs, with details on fiscal income, government fund income, government debt, and more. Unlike publicly available data, this offering has been standardized by S&P Global Ratings (China) analysts to support reliable comparisons. Users can also choose a specific region and view this LRG data.



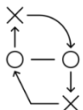
Understand the financial strength of LGFVs

Credit scores are available for over 2,000 issuers of LGFVs that are created by providing an overlay to the credit scores for LRGs.



Stay ahead of the curve with innovative sentiment analysis

Sentiment analysis draws signals from news, media, blogs, and more to provide alerts of all events and hot words relevant for entities in a watch list. 165 exhaustive event labels shed light on risks, management, and governance for monitoring purposes.



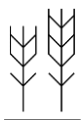
Create additional credit scores

Users can create a holistic picture of creditworthiness by generating additional quantitative credit scores for GREs using CreditModel™ LGFVs. This unique capability for LGFVs adds a new level of detail to complement internal credit rating models.



Save time with productivity enhancing tools

Strong functionality in the China Credit Analytics platform lets users retrieve and present data as efficiently as possible. Batch scoring capabilities save time, plus a credit risk dashboard helps visualize the credit profiles of a portfolio of entities. In addition, concise tear sheet summaries are automatically generated that provide an entity's profile, financial highlights, and credit score.



Access a dual language platform

A dual language user interface supports both Chinese and English languages. In addition, financial information can be viewed in USD currency as well as CNY to reconcile information.

Key Benefits

Members of the credit risk management team thought that the depth and breadth of data, quantitative models, and easy-to-use platform would enable them to efficiently assess and monitor this fast-growing part of the company's business to help protect the revenue stream. They subscribed to the China Credit Analytics platform and are now able to:

- **Leverage differentiated content**, localized analytics, and quantitative model-generated credit scores.
- **Get granular and globally credible evaluations of credit risk** that are locally relevant.
- **Easily track the financial position of different LRGs in China** and their budget details.
- **Evaluate the creditworthiness of LGFVs** and create an early warning system to detect potential weaknesses.
- **Create additional credit scores for LGFVs**, as needed.
- **Rely on the support of a seasoned team** of Market Intelligence specialists familiar with China and the China Credit Analytics platform to help navigate the market.

[Click here](#) to explore some of the datasets mentioned in this Case Study.

See How Your Company Can Set the Pace

In an intensely competitive and unpredictable marketplace, it's not enough to respond to the status quo. As a single, trusted source, S&P Global Market Intelligence's solutions, data and expertise drive multiple workflows across organizations, helping you enhance decision-making and accelerate growth. See how your company can **Set the Pace**.

Contact Us

Asia-Pacific

+852-2533-3565

Europe, Middle East & Africa

+44-207-176-1234

The Americas

+1 877 863 1306

Copyright © 2022 by S&P Global Market Intelligence, a division of S&P Global Inc. All rights reserved.

These materials have been prepared solely for information purposes based upon information generally available to the public and from sources believed to be reliable. No content (including index data, ratings, credit-related analyses and data, research, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of S&P Global Market Intelligence or its affiliates (collectively, S&P Global). The Content shall not be used for any unlawful or unauthorized purposes. S&P Global and any third-party providers, (collectively S&P Global Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Global Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content. THE CONTENT IS PROVIDED ON "AS IS" BASIS. S&P GLOBAL PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Global Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

S&P Global Market Intelligence's opinions, quotes and credit-related and other analyses are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P Global Market Intelligence may provide index data. Direct investment in an index is not possible. Exposure to an asset class represented by an index is available through investable instruments based on that index. S&P Global Market Intelligence assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P Global keeps certain activities of its divisions separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain divisions of S&P Global may have information that is not available to other S&P Global divisions. S&P Global has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.