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Management Report**

Credit Groups / Circles

Smyyth Virtual Networks Vs Legacy Credit Groups

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Virtual Credit Networks Impact on Legacy Groups

Let's describe what Smyyth Networks is and what it is not, as the term "networks" has created some confusion. First, it is not social networking, nor does it replace the traditional social-peer credit group.

What Smyyth Networks is, is a powerful Internet platform for aggregating, scoring, rating, and interchange of objective credit accounts receivable payment data within a legal framework in a way that enables far more companies, regardless of location, to benefit from exchange of business information.

Smyyth Networks and traditional groups are both about sharing information but the methodology, comprehensiveness, and benefits differ. Smyyth Networks focuses on broad and very deep objective data; old-fashioned peer groups rely more upon discussion and anecdotal data.

Advantages of a Smyyth Virtual Credit Network for an Industry Sector

Every Smyyth Networks member gains by slashing credit information costs, and access to cheaper, more comprehensive data, with interne-response speed. When it comes to a tool for everyday use in evaluating commercial credit, processing credit applications and daily customer credit management, Smyyth Networks industry account coverage is comprehensive and provides answers 24/7.

The Smyyth Networks trade report will provide better data than available elsewhere, with payment scoring, credit metrics, and charts, and can even be

instantly expanded to an optional complete credit report for a charge. For the time being, standard membership and standard reports are free.

Virtual Networks Vs Social Credit Group

	Social Credit Group	Data Networks
Data Expectations	Small	Massive
Travel, Time	Yes	None
Quality of data	Anecdotal	Objective
Anti Trust Issues	High concern	None (if structured correctly)
Access Speed	Lengthy	Instant
Availability	email & wait	Instant
Expandability	Limited	Global
Data uses	Limited	Scoring, customized data import, specialized reports, portfolio & bankruptcy monitoring

Credit Information In Depth Never Before Available

Networks member companies now they have the benefit of comprehensive information previously unavailable. An unanticipated benefit has been the inclusion of companies who have never belonged to any group or contributed information to any data source. The low entry cost without time or travel commitments, anti-trust security, and ease of use have led to first time data contributors.

Another benefit of Virtual Network industry data unification is additional econometric data, which will be extracted from a significantly expanded data base. This is particularly interesting because of the enhanced value it will lend to the credit management function. This will become a principal benefit, which will flow through the credit department and add value to the department's mandate.

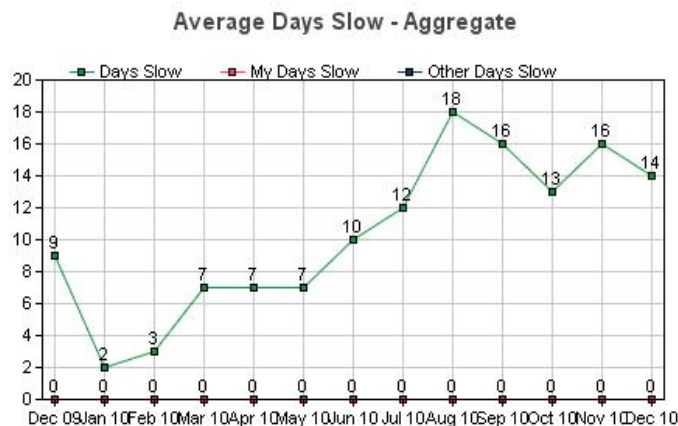
Case Study - Footwear

A Smyth Footwear Network is one of a number of successful examples. The industry has many traditional silo-groups meeting in person. In a short time the Smyth Footwear Network has captured over 80 footwear manufacturers resulting in a database with very deep information covering over 475,000 customers. In this Network, 91% of the accounts searched have fresh trade information available.

Case Study - Consumer Goods

Smyth Networks' benefits are easy to illustrate. An account typically discussed by Smyth's traditional Consumer Goods Credit Group may exchange 34 references within the group. Those that are also members of the Smyth Consumer Goods Network have the benefit of data from of 75 major companies (and optionally hundreds more from outside the group). The Networks information and payment / credit scoring is far more comprehensive, not only in the breadth but also depth and quality of information.

Payment Quality Index – Predictive Payment Metric



The Network results must be dependable. Sending out an email and waiting for answers that may or may not come is another reason the social network model is inefficient as a management tool. As a Network member you commit to submit data on a dependable schedule which is different than answering a response when you have the time and inclination. Below is the result of our internal analysis of the different approaches.

Anti-Trust, Anti-Competition

With Smyyth Networks, standardized comments are governed by the system, and non-standard comments reviewed by a monitor. You will never need to answer a question about what discussion took place at a certain meeting or at social event because the on line discussion has safe default parameters. The Network's anti-trust standard has met the conservative standard of skeptical corporate attorneys both in the U.S. and in Europe with companies that previously prohibited credit group participation. A well-designed Virtual Network enforces a consistent standard across all participants because permissible actions are predefined.

Impact on the Old-Fashioned Credit Group or Credit Circle

Well-managed Credit Groups, of which there are many, offer solid benefits. In fact, we ourselves manage more than 45 of these groups. Strategic account discussion, education, networking, best practice discussions -these are all excellent reasons for an old-fashioned social group meeting.

It is axiomatic to say there is always change and we must constantly adjust our processes to keep up with it. It is the speed of change that is profoundly different. Technology has changed everything and the traditional credit group is not immune from impact but with adjustment and expansion of the value proposition traditional groups should continue to be valuable. Credit Groups cannot remain static as dynamic forms of information exchange are developed and brought to the marketplace.

The Smyyth Networks membership requirement to submit the entire monthly accounts receivable file cannot be met by all companies. The reasons range from size of company to technology issues to corporate policy. There will always be issues that will support the existence of traditional groups, including the social aspect.

If a traditional credit group wishes to also join Smyyth Networks we encourage them to take advantage, as the Network's system includes full meeting, event planning, traditional clearance report generation, and document management

built in. The Smyyth platform can be custom-labeled for any group. It can be offered at no cost to most groups.

The investment required to build a technologically advanced system is significant. Smyyth is at this time offering this service to new members, and new groups, for no cost. We can do this because of the diversity of product offerings and the ability to leverage relationships to a number of different profit centers.

How a Network Grows - Overlapping Industry Circles

To succeed, a Network needs customer commonality. The key driver is “customer overlap”. As a case in point, we started with the data from two companies in the Footwear Industry and quickly built it to dozens of data contributors. As we analyzed the data we noted that a number of the members were involved with outdoor footwear and athletics. This led to Outdoor Industry Group and crossed over to areas such as Sunglasses, Outdoor Apparel, Golf, and Fishing Equipment, etc. In turn each of these areas has a portion of their data overlapping with other industry verticals that have common customers. When Smyyth Networks unites the customer view for all these industries it brings a wider and higher valued perspective than silo-industry verticals.

Summary

We believe Smyyth Networks is the future of the credit industry. Not stale or random trade references, but current, objective data on how millions of business are paying their bills, translated into monitoring, scores, ratings and reports that can be used by today’s credit executive either over the Internet or optionally computer to computer. Credit made easy™.

Order-to-Cash Services and Technology

Smyyth provides Order-to-Cash Outsourcing, Services and Technology. Credit services include credit groups, reporting and scoring, and trade credit insurance. Outsourcing includes management of credit, accounts receivable, collections, deduction management, and profit recovery. Our Carixa Internet technology streamlines operations, slashes costs, and increases your profits. Built on Six Sigma principles and SAS 70 Certified. www.smyyth.com.

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