



TRANSPARENCY PAVES THE WAY FOR INVESTMENT

Businesses can go bankrupt if their clients can't or won't pay them. Croatian-Slovenian Eurostars project Finescence developed a secret weapon for survival.

In Croatia businesses have battled for survival over the last decade. The economy only began recovering in the last three years after a six-year recession in which tens of thousands of companies and individuals had their bank accounts blocked. As companies ask themselves whether customers can pay them for services delivered, one Croatian credit analyst has thrown them a lifeline.

"I wanted to help people make intelligent decisions about who to do business with and how much credit it was safe to give customers," explained Edin Leho, managing director of financial consultancy EL Koncept. His solution was the webpage fininfo.hr where customers can search for information about companies and individuals related to companies.

Leho knew there was a lot of information already public about companies, their directors and their solvency, but it wasn't easy to access and interpret. His firm teamed up with Croatian IT specialists BSS Poslovni Sustavi to make the IT part of the project technically advanced and the webpage as intuitive as possible. They brought on partners in Slovenia: e-learning experts B2 Izobrazevanje

in Informacijske Storitve and the Faculty of Economics at the University v Ljubljani, who tested EL Koncept's initial credit rating model and helped the company refine it. 3sigma Svetovalna Druzba analysed the potential market for the webpage and whether it could be a profitable product.

“We've now got more than 1,000 customers”

A runaway success

The webpage fininfo.hr has proved profitable, attracting more customers than Leho initially imagined, including the Russian bank Sberbank. "I had thought we would just need a sales model for 100 companies, but we've now got more than 1,000." EL Koncept offers different subscription models, ranging from 130 euros per year to 900 euros for a premium service, which has a dynamic rating model on companies, warning of key events at companies as they happen.

EL Koncept began marketing the first phase of the webpage in 2012, six months before the end of the project and continues to roll out improvements to the website. The webpage rates companies, shows those with blocked bank accounts, recommends the safest levels of credit to provide and offers graphics to help trace other companies run by company directors. As well as highlighting potentially fraudulent or

suspicious trading behaviour, it also allows searches for business partners or competitors in a sector.

Thanks to its new product, EL Koncept grew revenues by four times on 2010 figures to about 5 million kuna (€700,000) last year. Profit hit €240,000 last year, compared to €25,000 in 2010. EL Koncept employed two people back in 2010 and now has 16 people, including sales, marketing and IT staff.

Leho is proud his company has expanded in the downturn, but says he probably couldn't have brought the product to market without the help of his consortium partners and the funding made possible by EUREKA. "We were small and the investment needed for the development was expensive," he says.

EL Koncept is now working with local partners to expand the webpage's data to include companies in other neighbouring countries like Bosnia and Herzegovina, Serbia and Montenegro. For Leho, the most rewarding part about the application is the way it has helped other smaller companies to survive and thrive. The website has, for instance, warned customers only to send products to certain firms if they could get payment in advance. Customers thank Leho afterwards when they learn the monitored company went bankrupt: "The product really saves our clients money and time, so that they can spend their time on what they specialize in."

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MAIN PARTNER

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TOTAL R&D INVESTMENT

€600,000

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COUNTRIES



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