

Corporate Monitoring Benefits

A Case Study

THE HITACHI STORY...

Kevin Lake is the Corporate Risk Manager at Hitachi High Technologies America (HTA). Operating globally, Hitachi provides business solutions for Science & Medical Systems, Electronic Device Systems, Industrial Systems and Advanced Industrial Products.

Managing risk for high dollar amounts requires Kevin to be a step ahead of his customers' changes. NCS's Corporate Monitoring program allows him to take action and prevent both monetary and material loss.

WHY CORPORATE MONITORING?

- An Active or Good Standing status with the Secretary of State means a company is compliant with that state's rules and is up to date with Annual Reports or Fees/Taxes due to the state.
- A change in status could mean many things, **but it is usually a telltale sign that something is wrong.** Non-compliance with the state rules, such as not submitting an Annual Report, or not paying Fees/Taxes, can lead to you not being paid as well.
- It is your responsibility, as the secured party, to ensure the UCC filing is up to date and contains the correct information. How will you know if a customer's status or name changes? You guessed it – Corporate Monitoring alerts you when the Secretary of State Corporation Division reports a change in your customer's corporate profile. NCS will then recommend what you need to do to keep your UCC Financing Statement in compliance with Article 9-507(c).

THE PROCESS

Hitachi partnered with NCS to implement a process that would alert Hitachi if their customers had any status or name changes with the Secretary of State Corporation Division. The process originated with only monitoring existing customers, but Hitachi quickly saw further opportunities.

"Given the success of the project, HTA will continue to use the NCS state corporate name monitoring process for our existing customers, as well as integrate new customers into the process. We also feel that a similar process can be used to monitor our critical vendors and we will be providing a list of accounts for NCS to begin monitoring on the vendor side."

THE VALUE

Corporate Monitoring provides Kevin with the opportunity to take action when a change with his customer is reported. This allows Kevin to take simple steps to avoid the cumbersome collection process, or worse, a write-off.

"Our company truly appreciates the state corporate name monitoring service and has found that it adds significant value. The customer business standing with each state is one early red flag signaling that something could go wrong with collecting accounts receivable."

THE TAKEAWAY

"...the existing credit reporting companies HTA has contracts with provide no alerts and the credit reports provided do not reflect inactive standing with the state. NCS is truly providing a niche service and we really appreciate your help in getting this project underway."

CONTINUED...

NCS CORPORATE MONITORING WORKS BECAUSE...

- Entities are monitored for corporate compliance indefinitely
- Email notifications alert you of an entity name or status change
- NCS will recommend what you need to do to retain your secured position
- The updated Corporate Certificate is posted to your NCS Online Services portal

SUCCESS STORY

ACCOUNT ONE:

\$100,000 OPEN CREDIT LIMIT AND OPEN ACCOUNTS RECEIVABLE

"NCS identified the account as inactive with the state. Subsequent conference calls with the CFO of our customer found that the customer was 'very close to running out of cash and it is unlikely to be funded further by outside investors.' Given such dire status provided verbally, as well as the state standing, we reduced the limit to \$0."

SUCCESS STORY

ACCOUNT TWO:

\$250,000 OPEN CREDIT LIMIT

"NCS identified the account as inactive with the state. HTA had no open exposure and decided to reduce the limit to \$0 until the business returns to active status or until a sufficient explanation can be provided. As a general rule, HTA does not do business with companies that are inactive with the state without sufficient explanation and understanding."

SUCCESS STORY

ACCOUNT THREE:

DEBTOR NAME CHANGE

NCS identified that the registered debtor entity changed their name via the state corporation division. The client was alerted within 1 week of the change and proceeded to amend their UCC filing and update the original Security Agreement. The timely filing of the amendment enabled the client to keep their priority position. Under Article 9-507(c), you have 4 months from a debtor name change to amend your filing."

"NCS is truly providing a niche service and we really appreciate your help"

– KEVIN LAKE, CORPORATE RISK MANAGER
HITACHI HIGH TECHNOLOGIES AMERICA