

## Hydro accrues significant business benefits from the implementation of *energycredit* in just three months

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### Background

Hydro is a Fortune 500 energy and aluminium supplier founded in 1905, with 33,000 employees in nearly 40 countries. The company is a leading offshore producer of oil and gas, based on its strong position in the development of the Norwegian petroleum industry during the past 40 years. Hydro is also the third-largest integrated aluminium supplier in the world, with a presence on every continent.

### The Challenge

For Hydro, efficient and effective credit risk management is a key business activity. Before the implementation of *energycredit* the company had no single central repository for credit information that would allow automated management of credit limits and exposures. Its credit data was stored in disparate systems and required a lot of manual procedures in order to aggregate and analyse the data.

"Hydro required a credit risk management software solution to assist with automating a lot of its operational procedures and to help produce reliable counterparty credit exposures on a daily basis," said Oivind Heuer, Head of Credit Risk at Hydro. "We wanted to implement a system in order to free up the credit team to perform higher value analysis activities, and to improve its ability to accurately perform credit management activities."

In 2005 Hydro commenced a project to either source a credit risk management system externally or to build the functionality required in-house. After talking to other energy companies it became apparent that *energycredit* was the most widely used and functionally rich solution available in the marketplace. Hydro found that obtaining references and input from other Financial Objects customers was useful in preparing for implementation.

Hydro required a system that could automatically gather all trade data on a timely basis from its trading systems, aggregate exposures according to the underlying legal credit agreements, and provide good quality analysis for management.

"Our goal was to implement a solution that enabled us to improve and streamline our credit processes and ensure that all credit data was in one system," said Oivind Heuer. "We chose to purchase *energycredit* rather than to build an in-house system, as it provided the exact functionality that we were looking for and was easy to configure."

### The Solution

Implementation of the solution began in September 2005 and was installed in Hydro's production environment within three months. The system went live on 1<sup>st</sup> December 2005. While return on investment for any software system is often difficult to quantify, Hydro's view is that the productivity and accuracy improvements more than justify the project.

"Overall, the project has gone very well. The product was implemented on-time and on-budget and has delivered exactly what was required from an IT and business perspective," said Heuer. "We consider the implementation to be a success and we were very impressed by Financial Objects' staff assigned to the project," he added.



FINANCIAL  
OBJECTS

### Objectives

- Implement a comprehensive credit risk management solution to improve the quality of credit exposure information;
- Streamline operational procedures to improve productivity;
- Reduce manual intervention and reliability on spreadsheets.

### Major Benefits

- Increased productivity;
- Global, single view of all counterparty data;
- Automated aggregation of credit data and limit monitoring;
- More accurate credit information and flexible reporting on a timely basis;
- Less manual intervention in the credit process;
- Staff able to concentrate on higher value analysis activities.

To find out more information about our credit risk solutions please visit [www.finobj.com/energycredit](http://www.finobj.com/energycredit) or call +44 (0)20 7836 3010 (UK) or +1 713 520 5770 (USA).

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Customer



HYDRO

Product

**energycredit**