

# Intelliscore Plus<sup>SM</sup>

## frequently asked questions

Intelliscore Plus overview and model development

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### General information

#### What is Intelliscore Plus?

Intelliscore Plus<sup>SM</sup> is Experian's newest business score — the best business scoring model we've developed to date. Taking cues from the information entered on an inquiry, Intelliscore Plus returns either a commercial score or a blended commercial/consumer score. Both scores are highly predictive, but for small businesses, blended data has proven the most predictive in the industry. *Note that permissible purpose is required to access consumer information.*

The Intelliscore Plus model uses sophisticated statistical techniques to predict the likelihood that a business's payment performance will become seriously delinquent, defined as 90-plus days beyond terms within the next 12 months or that the business will go bankrupt.

#### What enhancements does Intelliscore Plus provide versus the old Commercial Intelliscore<sup>SM</sup> and Small Business Intelliscore<sup>SM</sup>?

Intelliscore Plus brings several key enhancements:

- Dramatic performance improvements in predictive power.
- The score is now an easy-to-use percentile that directly correlates to risk. Example: A score of 30 means a business scores better than 29 percent of other businesses.
- Single-screen inquiry for both commercial and blended scores: There is no need to choose between a commercial or blended data model; both are accessible through Intelliscore Plus. The score returned is based on inquiry information. For instance, if only commercial data is entered, then only a commercial-based score will be returned.
- Score factors identify the four main reasons a score was lowered rather than a mix of positive and negative factors affecting the score.
- Up to four owners can be incorporated into a blended score. Previously, only two could be incorporated.
- Large companies will be scored through a large business commercial model segment. This happens behind the scenes with no extra steps on your part, and the result is improved scoring of large businesses.

#### Why was a new model built?

It is always good practice to update scoring models every two to three years to ensure they continue to perform accurately. The 2007 launch of Experian's improved commercial database, BizSource<sup>SM</sup>, brought significant increase in the data feeding the scoring models. Because of the changing economic environment, it was important to implement a model revision.

**What performance improvements does Intelliscore Plus bring over the old scoring models?**

Intelliscore Plus is dramatically more predictive of risk than Commercial Intelliscore and Small Business Intelliscore. In fact, performance is up to 46 percent better in eliminating bad accounts and up to 23 percent better in predictiveness. There are several ways of assessing how predictive a scoring model is. We'll look at two ways in the following examples.

1. Percentage of bad accounts eliminated — This method looks at a targeted cutoff score (or approval score) and the corresponding percentage of bad accounts eliminated. When comparing Intelliscore Plus with the older models, there is significant improvement:

*Percentage of bad accounts eliminated: Intelliscore Plus performance at 90 percent cutoff level (score of 10 or better)*

Type of data used	Intelliscore Plus	Previous CI/SBI	Percentage improvement
Commercial data	64.8%	47.9%	35%
Blended data	70.7%	49.3%	43%
Pre-BizSource commercial data	70.7%	47.9%	46%

2. Another measure is the Kolmogorov-Smirnov (KS) statistic, a measurement that represents a model's predictive power. Using Intelliscore Plus brings a 23 percent improvement in predictiveness versus the old models. KS statistic improvements are as follows:

*KS statistic comparing Intelliscore Plus to Commercial Intelliscore and Small Business Intelliscore*

Intelliscore Plus KS	Commercial Intelliscore KS	Small Business Intelliscore KS	Percentage improvement
63.44	51.68	N/A	23%
69.42	N/A	58.02	20%

**What data sources are used in Intelliscore Plus?**

Intelliscore Plus combines information from sources including companies that report actual trade payment experiences, public records and collections records. More than 7 million records were used to build the Intelliscore Plus model, and more than 800 commercial and consumer data elements were utilized to develop the scoring algorithms.

**How are large companies scored?**

There are nuances to scoring large companies that Intelliscore Plus addresses better than previous scoring models. For instance, large companies often have high days beyond terms because they can set their own terms for payment rather than following industry norms. In Intelliscore Plus, large companies (businesses with more than 1,000 employees and more than 50 tradelines) are scored using special algorithms and criteria. The result is still a score that better reflects large business risk.

## What is blended data?

Blended data is combined business owner credit data and company credit data. Some small businesses have limited business credit information on file, making it hard to decide whom to extend credit to and what terms to set. An Experian study showed that consumer scores alone are not optimal in predicting business risk. Blended data solves that problem by combining two sources of credit data — owner and business. Validations have shown that blended credit data is the most predictive of small-business risk.

Intelliscore Plus can provide consumer information for up to four owners or proprietors with any existing commercial data to return a blended score. Beyond our standard Intelliscore Plus performance table, Experian® has developed additional granular score scales and an odds chart specifically for blended data use within Intelliscore Plus. Contact your Experian sales representative if you would like the additional information.

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## Access and report output

### What are the various outputs that may result when pulling a score in Intelliscore Plus?

Pulling an Intelliscore Plus score will result in one of the following:

- **Full report** — A complete report with a score. One of the three models within Intelliscore Plus will be used:
  - **Commercial:** Only commercial information is used in the score calculation.
  - **Blended:** Blended consumer and commercial information is used in the score calculation.
  - **Owner only:** Commercial information is not present, so only consumer information is used in the score calculation. The score returned is still indicative of commercial risk.
- **998 score:** The company or owner filed a bankruptcy in the last 24 months, and a score cannot be returned.
- **999 score:** There was not enough information in the Experian databases to generate a score.

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### What is changing in the Score Factor section of the Intelliscore Plus report?

In Commercial Intelliscore and Small Business Intelliscore, a combination of key negative and positive score factors were displayed, but the display did not differentiate between the two types of factors. To reduce confusion, only the top four factors lowering the score will be displayed in Intelliscore Plus. Factors lowering the score are the “worst” factors and brought the score down from 100.

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### How can Intelliscore Plus be accessed?

Access to Intelliscore Plus is through Experian's BizApps<sup>SM</sup> online delivery system at [www.experian.com/bizapps](http://www.experian.com/bizapps) and through Experian's batch, CPU and XML.

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### What is the FCRA?

The FCRA is the Fair Credit Reporting Act, which was enacted in 1970. The FCRA helps ensure that consumer credit reporting agencies act fairly, impartially and with respect to a consumer's right to privacy while preparing consumer reports. The right to privacy, as it applies to use of the blended model within Intelliscore Plus, means that users must have permissible purpose in order to use the reports.

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### Is Intelliscore Plus FCRA-regulated?

Yes. Intelliscore Plus is regulated under the FCRA when owner information is used within the inquiry. Only users deemed by Experian to have permissible purpose will have access to owner information within Intelliscore Plus.

**What is permissible purpose?**

Permissible purpose is an FCRA requirement to use consumer data. Permissible purpose is required to use the blended model within Intelliscore Plus, and its conditions are met when at least one of the criteria in each of the categories below exists:

**Acceptable uses of consumer/blended data:**

- To extend commercial credit, i.e., credit that is not for personal, family or household use
- To review an existing commercial account
- To collect on an existing commercial account

**If acceptable use exists, the consumer information pulled must be for:**

- A sole proprietor
- A general partner in a partnership that is the account debtor
- An individual who has signed a personal guaranty of the subject debt
- An individual who has provided written authorization specifically approving review of his or her personal credit history

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**How will BizApps users know if they have permissible purpose to pull blended data?**

Users who do not have permissible purpose to access a blended report will have access to only the commercial input boxes in the inquiry page. Those users who have blended access will see both the commercial and owner/guarantor input boxes.

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**How long does an Intelliscore Plus report remain in the report manager?**

A report remains in the BizApps report manager for 60 days.

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**What type of inquiry will be logged for Intelliscore Plus batch and online transactions on the owner?**

The system will log batch inquiries as a soft inquiry. All online inquiries are logged as a hard inquiry.

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**What is an "Full Report" number, and how do I use it?**

A "Full Report" number is generated for every Intelliscore Plus and can be found in the top right corner of the report. Use the full report number within the same business day to receive a discounted Business Profile Report and/or a Business Owner Profile.

For further details on Experian products, please call

**Business Credit Information Inc.**

**1.800.382.1735**

or visit our web site

**WWW.BUSINESSCREDITINFORMATION.COM**