



Fortimize and Root Capital partnered to cut foreign currency loan servicing time in half

About Root Capital

Root Capital invests in the growth of agricultural enterprises so they can transform rural communities. With growth, these businesses become engines of impact that can raise incomes, create jobs, empower women and young people, sustain peace, and preserve vulnerable ecosystems. Root Capital supplies their clients with vital resources: access to capital, trade and technical partners, financial training, and conservation practices. To date, they have provided over \$1.5 billion in loans to improve the lives of almost 10 million people in farming communities.



COMPANY STATS:

Headquartered in Cambridge, MA

Under 150 employees

Capital Markets, Not for Profit



Willy Foote, Root Capital CEO, was a 2020 nominee of YPO Global Impact Award for sustainable and scalable CEO impact. He is a social entrepreneur, with recognition as both a Skoll Entrepreneur and Ashoka Global Fellow.



Loan Management was a tedious process for Root Capital

Challenges:

1

MOVING DATA TO UNDERWRITE & STRUCTURE LOANS

Root Capital's legacy loan management system didn't integrate with other key systems, including their banking and accounting software, and the systems used for loan underwriting and structuring. The team manually moved data between systems to update their records.

2

SERVICING FOREIGN CURRENCY LOAN APPLICATIONS

Loans in foreign currencies, and lending alongside other syndication partners, were a strategic priority for Root Capital. These transactions, along with client account statements, were processed offline in programs like Microsoft Excel.

3

OPTIMIZING CREDIT RISK MANAGEMENT

Root Capital lends to agricultural enterprises across Africa, Latin America and Indonesia, which include a number of inherent credit risks. Delinquency status and other borrower risk rating information, including loan recovery and guarantee transaction processing, was not fully integrated into the legacy platform.

The Big Problem

Root Capital's systems were not able to keep pace with their overall strategy and business operations. The legacy loan management system lacked integration abilities and key functionality. Critical tasks were performed manually, which was inefficient and error prone. These manual processes caused stress for Root Capital staff and inhibited their ability to provide high-quality, consistent, and timely services to clients.

The Requirements

▶ SYSTEM INTEGRATIONS

Seamless integration between loan management system and banking, accounting, and loan underwriting and structuring software.

▶ CUSTOMER 360

Full view of the borrower, including history of prior loans, current borrower risk rating and loan terms, scheduled payments, loan disbursement requests, and all loan transactions, including associated accounting entries.

▶ THIRD PARTY DATA FEEDS

Regular, automated data feeds related to coffee and other commodities, because the borrowing base for many of Root Capital's loans depend on the value of commodity contracts.

▶ ONBOARDING WORKFLOW

Connected teams, departments, and workflows and simple, easy onboarding to keep the team moving forward on scheduled work.

▶ ROBUST TESTING

Ability to test functionality of scheduled payments and utilize the new system for complex transactions, maintaining data integrity, while still operating and migrating from the old one.

To achieve their strategic goals for growth and help more families around the globe, Root Capital had to find a way to get more done in less time.

Root Capital recognized the opportunity to upgrade their loan management system. They were ready to improve the accuracy of reporting and loan underwriting and structure, and reduce the amount of manual transfers of data and manual transaction processing. They were ready to improve the overall loan application process.

Above all, they were ready to have a better experience at work and spend their time on things that mattered, like building long-term resilience to climate change in Peru, and promoting gender inclusion for female macadamia farmers in Kenya.



Together, Root Capital and Fortimize designed and built a custom loan management system

To solve the challenge of **moving data manually between systems to underwrite and structure loans**, Fortimize built a custom nCino and Salesforce integration to track all loan terms, transaction and performance. Now, the team could track and see disbursements, payments, interest accrual and management of scheduled payments for each borrower in one place. The new system is also integrated with Root Capital's accounting and banking software.

To help the Root Capital team **service more foreign currency loan applications faster, alongside syndication partners**, Fortimize designed and built a robust, custom multi-currency lending and third party transaction support including dated foreign exchange rates.

Now, the team could measure profit and limit loss based on changes in exchange rates.

To **optimize credit risk management**, Fortimize designed and built a custom accounting system that maintained multiple sets of accounting views for each loan, specific to the end user viewing it. This allowed the team to manage all the various kinds of loans they offer, track specific activity, and manage tasks for the account. It includes a revolutionary new commodity price data feed that allows for seamless revaluation of commodity contracts. This is critical for Root Capital's lending model, which often leverages purchase contracts with international buyers as a key risk mitigation strategy.

Involvement



ROOT CAPITAL TEAM

- Lending Operations
- Treasury
- Accounting
- IT



FORTIMIZE TEAM

- Lightning UI Developer
- Solution Architect
- Technical Architect
- Business Analyst



SALESFORCE PRODUCTS

- Sales Cloud
- nCino



Now, larger loans can be serviced to more people in half the time

Root Capital was recently able to set up and manage a large syndicated loan facility for five related borrowers in Kenya, where each deal had four additional syndication partners. With their previous system, it would have been extremely complex and taken at least twice as long to complete the transaction.

Instead, Root Capital is now able to manage **over 30 different loan servicing system components** with their new integrated system, and has **cut their foreign currency loan servicing time in half**. The team has a much more **robust and holistic view** and a toolset that allows them to optimize their credit risk management processes.

Root Capital did add a staff member with Salesforce expertise to their Lending Operations team, but with the new platform and the efficiencies it created, they were able to limit their headcount and spend on internal skilled staff.

They have seen material efficiencies in key processes related to everything from client disbursement requests, to the process of closing the books and producing financial statements each month.

Root Capital leverages Salesforce to maximize their impact around the world

Root Capital's vision is a future where tens of thousands of small and growing agricultural businesses form the backbone of a thriving agricultural sector that builds prosperous, inclusive, and resilient communities around the world. With the right systems and processes in place, they're getting closer to building that future every day.

Over the next five year Root Capital plans to directly provide credit and capacity building to strengthen the bankability and resilience of a cumulative 650 enterprises across all stages of growth, improving the livelihoods of 1.25 million rural families, including doubling the size of our lending portfolio. The new loan management system will play a critical role in helping us achieve the efficiencies and economies of scale required to achieve sustainable growth over the next five years.

Humanizing the future
of financial services