



Datapro Consulting & ROI

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This problem situation was written by Luis Arturo Bernal Ponce (larturo.bernal@tec.mx), with the purpose of serving as discussion material in classrooms, it is not intended to illustrate good or bad management practices. The story on this document is based on different people's experiences; some data has been modified at the request of the people and institutions involved.

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Datapro

Datapro Consulting (Datapro), a leading data analytics firm with a strong foothold in the financial sector, is based in México. Its clientele primarily comprises financial sector firms. They have a new customer, *Financiera Popular*, who is seeking Datapro's investment and credit risk expertise. As a firm in the financial sector, *Financiera Popular's* core business is providing loans and investment alternatives to its customers.



Source. Tima Miroschnichenko in Pexels, 2021.

The Investment Management Problem

After the pandemic, returns of the equity markets have been very low; for example, the annualized geometric returns of the S&P500 from June 2021 to June 2024 were 5.7%, while they were 11.3% from 2010 to 2020. *Financiera Popular* is asking Datapro to develop a new investment methodology to detect opportunities to increase the returns they could offer their customers. On the other hand, Datapro consultants have been talking to the *Financiera Popular* directors about the new trends in the investment analysis that consider detecting financial market anomalies to increase the annualized return of a portfolio. The latter could be possible thanks to the advantages of the specialized software, which allows for faster analysis and the possibility of analyzing big data.

The Credit Risk Management Problem

Another problem *Financiera Popular* faces is the need for more credit risk control. The firm has been growing in customers, but the number of customers falling into default has been increasing too, representing monetary losses for the company. In this regard, *Financiera Popular* is asking Datapro to develop a solution to manage and mitigate credit risk.

Datapro consultants argue that methodologies such as statistical or machine learning can be used to analyze the data today and create a credit scoring model. As in the case of the investment proposal, the purpose is to develop a solution using specialized software to do that analysis faster and with the possibility of analyzing big data.



Source. Wokandapix in Pexels, 2017.

Financiera Popular executives are very excited about incorporating the proposed solutions into the firm and ask the Datapro consultants when solutions can be presented. Regarding the credit risk management solution, the consultants have mentioned that they have the background knowledge to develop the required solution in one week. However, to fulfill the requirements related to the investment portfolios, the consultants need time to get insights into the state-of-the-art investment strategies before developing the algorithms, so they promise to deliver an example of both projects in five weeks' time.

View databases:

[Credit](#)

[Investment](#)