ZUG, SWITZERLAND, April 2017.

Global Supply Chain Finance Ltd (“GSCF”) recently issued an article about Distribution Financing, highlighting the product’s characteristics and main benefits.

For more than 20 years, GSCF has been managing industry-leading Distribution Financing programs for corporations and their buyers around the world. However, Distribution Financing has not yet developed in the North American market, mainly due to the prevailing presence of Floor Planning type financing. In light of this, GSCF is supporting the market transformation that will allow distributors to benefit from Trade Financing without having to enter into debt arrangements which typically require a pledge of most of their assets as collateral.

North American technology OEMs / vendors with existing Floor Planning arrangements are working on engaging in Receivables Sale and Purchase Agreements with funders whereby they can offer an extension of payment terms to their distributors / channel partners, without impacting their own DSOs* or increasing their partners’ debt level. The net result is that trade is greatly enhanced with the provision of additional working capital, at the same time eliminating the costs and limitations of Flooring Planning.

David Hicks, Head of Business Development at GSCF, commented “We are inviting leading credit insurers to support this Distribution Financing initiative as a syndicate member and also engaging with OEMs, whose support is key to ensuring a successful program. GSCF is confident that the leading OEMs, particularly in the technology sector, will not hesitate to support their customers with the implementation of Distribution Financing as a long term, scalable and competitively-priced solution”.

* Days of Sales Outstanding
At present, there are a number of liquidity providers, including both banking and non-banking lenders, ready to support the financing of distribution channels in North America. These sources of funding, combined with strong credit insurance partners and servicing over GSCF’s proprietary platform, make a compelling offering for OEMs and their customers.

“We currently see good availability of credit capacity in the NA market, although this might become an issue over time as an increasing number of OEMs seek to adopt the more efficient Distribution Financing model”, commented Hicks. “Those vendors choosing to implement programs sooner rather than later should quickly benefit from the combination of incremental sales growth, credit risk mitigation and improved DSO, not to mention the cash flow advantages for the distribution partners.”

Over the past two years, GSCF has worked on defining and developing the servicing engine required for this exercise, having already completed the first version of it and currently working on the next generation servicing software in line with the development of the market.

To learn more about GSCF or to sign up to receive GSCF’s newsletter, please contact us:
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