

WORKING CAPITAL SOLUTIONS TAKES ON AUSTRALIA

New Zealand Invoice Financier, Working Capital Solutions, has expanded into Australia with the opening of a Sydney office. Supported by one of the industry's most experienced authorities, Australian Greg Charlwood, this locally owned business is cited to be a major new player.

In the last seven years, the factoring industry in Australia has grown by over 82 percent, yet it is still an untapped market. Small and medium businesses are most likely to benefit from invoice factoring, and in Australia, there are 2 millionⁱ businesses of this size compared to less than half a millionⁱⁱ businesses in New Zealand.

"An estimated 100,000 of these Australian businesses meet the industry and size profile to benefit from invoice finance, however only 5,000ⁱⁱⁱ businesses currently use it. It has prompted some observers to refer to this as the 'missing 95%', "said Greg Charlwood.

Taking on the competitive Australian financial services sector in the today's economic climate is not for the fainthearted, but CEO Edward McKee Wright is confident in the firm's capabilities and expansion plans.

"Our service focuses squarely on the smaller SMEs who benefit most from improved cash flow using their main asset, unpaid invoices. We've the advantage of extensive experience and cutting edge software that provides real time transparency through a unique online client interface. Our key sectors of manufacturing, wholesale, services and transport offer immense scope, and we will not restrict ourselves in a geographical sense," says McKee Wright.

Cash flow is the biggest issue, particularly for small business, with payment times the determining factor of success for many. According to Dun & Bradstreet's Trade Payments Analysis^{iv} for the first quarter 2013, Australia businesses are waiting nearly eight weeks to be paid by other companies, with the average invoice payment time rising to 55 days for the quarter. The slow payment cycle is a concern reflected in Dun & Bradstreet's National Business Expectations Survey^v for the June 2013 quarter, which shows that more than 70 per cent of businesses expect cash flow to be an issue to their operations.



Edward McKee Wright and Greg Charlwood

Bank lending terms can be tough for small business and Invoice Financiers like Working Capital Solutions offer an increasingly popular alternative to overdrafts secured against property. Unlike banks, businesses can deal directly with the decision maker to access a set of financial and professional services that offer flexibility, support during tough times and speed to market. The ability to free up cash within 48 hours, usually between 75-90 per cent of the value of an invoice as soon as it is issued, allows small business to more rapidly accelerate growth and become self-financing.

Factoring has been one of the fastest growing financial products for business worldwide in recent years and is now used in 67 countries. In December 2012, the global factoring industry had turnover of over NZ\$2 trillion^{vi} – a growth of six percent in the past year and 88 percent in the past seven years. In Australia, 2012 annual factoring turnover was NZ\$78 billion, while in New Zealand it was just under \$1 billion.

Although invoice finance has only recently become popular in New Zealand it is the oldest and most prevalent form of business funding. Its origins are in the early textile trade in America at the start of the 20th Century, from where it spread to the UK and Europe, then throughout Asia.

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Edward is the founder and CEO of Working Capital Solutions, and one of the most experienced and qualified factoring experts in New Zealand, having worked in the industry for 18 years since leaving university. Edward has played a critical role in the growth of factoring in New Zealand. He has been involved in several start up factoring companies and held senior roles in most of the well-known companies including ORIX, SH Lock, Bibby and ScotPac. Working Capital Solutions is the outcome of Edward's passion for the industry and diverse experience.

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Greg is a passionate supporter of SMEs. He has spent the majority of his career in Invoice Finance and has established and managed some of the major Invoice Finance businesses in Australia. He set up Scot Pac in New Zealand, and grew Bibby to a company with over 150 staff, and offices in Australia, New Zealand, Singapore and India. Greg has played a critical role in the growth of factoring in Australia having twice been Chairman of the Institute for Factors and Discounters of Australia and New Zealand. He has also been involved in strategic development of Invoice Finance companies around the world including the UK, Europe, Asia and North America. Greg is a key commentator in Australia on SME and Cashflow issues.

About Working Capital Solutions

Founded in 2007, Working Capital Solutions is a specialist business financier. While the primary focus is on factoring, a range of cash flow solutions is available to businesses that provide goods and services to other businesses on credit. Operating with a factoring facility means clients are able to spend more time focusing on growing their business and less time on debtor related administration. Clients benefit from market leading software that allows them to submit funding requests online and check the status of their borrowing in real time. 100% New Zealand owned, the company is headquartered in Auckland and has just opened an office in Sydney, Australia. Visit www.workingcapital.co.nz and www.working-capital.com.au.

Factoring is a financial transaction whereby a business sells all or a portion of its accounts receivable (invoices) to a third party (called a factor) at a discount, in exchange for immediate money with which to finance continued business.

ⁱ <http://www.innovation.gov.au/SmallBusiness/KeyFacts/Documents/SmallBusinessPublication.pdf>

ⁱⁱ <http://www.med.govt.nz/business/business-growth-internationalisation/pdf-docs-library/small-and-medium-sized-enterprises/Small-business-stats-factsheet.pdf>

ⁱⁱⁱ www.factorsanddiscounters.com

^{iv} http://dnb.com.au/Header/News/Cash_flow_slows_in_2013/indexdl_10196.aspx

^v http://dnb.com.au/Header/News/Capital_investment_fades_in_a_weak_outlook_to_mid-year/indexdl_9884.aspx

^{vi} <http://www.fci.nl/about-fci/statistics/current-factoring-turnover-by-country>