

# Purchase Order Financing vs. Factoring: What's Right for Your Telecom Business?

---

When new sales are outpacing revenues, telecom businesses have two options for stabilizing financing. Businesses use either Purchase Ordering (PO) financing or Factoring in this period of quick growth. While they have similar principles, they finance at different points within the lending lifecycle. Stabilizing cash flow is of utmost importance to businesses, especially those in the technology, communication and telecom spheres.

Let's identify the best financing option for your growing business by comparing the two below.

## Purchase Order Financing

When a business needs cash to fill existing customer orders, PO financing is one solution. In small-to-medium sized telecom businesses, there may be times where funding is not available to cover the cost of completing your orders. A common example is not being able to afford the supplies necessary to create your product.

PO Financing involves the financing entity paying the goods supplier. Purchase orders then become the primary collateral for funding. This creates an advancement of cash (extending your capital), leading to fulfilled customer orders and continuation of growth.

## Factoring

Businesses that rely on services offered oftentimes have to deal with unpaid invoices. Even though your services have yet to be paid for, your business still has to operate. Factoring loans money to cover costs while you await payment on these invoices.

Factoring is a straightforward lending option that gives access to funds, rather than waiting on delayed collections. A lender will purchase your invoices at a discount and collect the money when your customer pays. Your business now has immediate, additional capital to cover operating, acquisition or growth costs.

No matter where in your business cycle you need funding, [Thermo Credit](#) can help. We understand the challenges technology, communications and telecom companies face whether they are going through a period of growth or need funding for their seasonal period.