Funding 101:
Asset Based vs. AR Financing

Companies will often need funding at multiple times during their lifecycles. These can be anywhere from a period of growth, where quick capital is needed to make decisions that affect how quickly growth can occur; to when cyclical decisions are made to ensure profitability to account for slower time periods. The current financial landscape allows for many different funding options. Determining the best situation for your business can be hard to navigate. Two options companies choose (during both of the above mentioned financing situations) are either asset based loans or accounts receivable financing.

Asset Based Loans

For companies rapidly growing, these loans offer quick capital. This is particularly useful to continue growth without a financial delay. Asset based loans are just that--funding based on contracts, equipment or other assets used as collateral. Telecommunications and technology companies leverage their assets and in exchange gain access to capital.

Accounts Receivable (AR) Financing

One of the fastest methods for businesses to attain capital is AR financing. This process involves a company selling their outstanding invoices (or receivables) to a financing company at a discounted rate. The financing company then assumes the risk on the receivables, allowing a quick influx of cash for the company. This method gives tech companies immediate cash.

Are these the right financing options for you? Thermo Credit is unique in that we have over 100 years combined experience in technology, communications and telecom funding. Our experts will help you determine the best funding situation for your specific company. Learn more about our asset based, accounts receivable or other funding options by visiting our services area.