

# DOW JONES NEWSWIRES.

THURSDAY, JANUARY 24, 2008

© 2008 Dow Jones & Company, Inc. All Rights Reserved.

TALES OF THE TAPE:

## PrimeRevenue Sees Gains In Tighter Credit

By Deborah Lynn Blumberg

NEW YORK (Dow Jones)—PrimeRevenue saw interest in its supply chain finance technology pick up after credit markets started to seize up last summer.

Executives are now banking on even better days ahead in these times of tighter credit, as businesses left in the lurch look for alternative funding sources.

The Atlanta company, established in 2004, connects buyers, suppliers and banks across the globe through a Web-based technology that ensures efficient and transparent delivery of funds. Buyers benefit from supply chain finance as it allows them to promise to pay their suppliers at a later date, allowing them to hold onto their cash for longer.

Suppliers can sell that promise to pay to a participating bank if they want the funds at an earlier date. Often, the rate a supplier pays for that service is better than the rate they would pay for a normal loan. The solution is one way for companies to secure funds given stingier lending in 2008, as banks hit by losses from subprime mortgage bets gone bad scale back on their lending. Already over the last few months, interest in the service has grown, said participating banks and those companies who supply the technology.

And with the latest data painting a gloomy lending picture, interest is likely to continue to grow. Whether PrimeRevenue's business continues to pick up speed hinges somewhat on how the economy fares, and what the Fed might offer financial markets. Even if the economy performs better than expected this year, PrimeRevenue's business should still fare well, with interest in supply chain finance still robust as it helps to improve efficiency.

Recent data from the Federal Reserve show banks' commercial and industrial loans fell by \$2.2 billion in the week to Jan. 9. Fed surveys among loan officers have

also pointed to tighter lending standards.

"There's a heightened focus on free cash flows and working capital" these days, said Joe Juliano, chief executive officer of PrimeRevenue, "and we're certainly seeing a very significant increase in demand from suppliers." One big draw is information transparency, he said, as participating banks have a better ability to forecast incoming and outgoing cash.

### Supply Chain Finance Seen 'More Compelling'

Lex Greensill, vice president of fixed income at Morgan Stanley in London, heads up the bank's supply chain finance business, which uses PrimeRevenue's platform, and said the business has increased five-fold over the past year, with a "significant step up" late in 2007. Greensill said he expects to see continued growth in supply chain finance well into the third quarter of 2008 as debt is repriced across the board.

"What we expect to see, and indeed have already started to see, is suppliers using this product to a much greater extent than they have in the past," Greensill said. "It's become more compelling."

That's as financial market conditions still remain tight, even though they've improved since the summer, a reality the Federal Reserve was responding to when it cut rates Tuesday in a surprise intermeeting move.

A hefty drop in bank lending this year, which many are expecting to see, would have significant ramifications for the broader economy, with companies unable to expand amid a stiffer credit environment.

"Tougher lending standards will be used by virtually every bank in country," this year, said Brian Fabbri, chief economist at BNP Paribas in New York.

And that's where solutions like PrimeRevenue come in handy, supply chain finance participants said.

Ron Embree, president and chief executive of River Bend Industries, Fort Smith, Ark., started using PrimeRevenue's technology about half a year ago, and said that the technology has given his company much more flexibility in its cash management.

"Cash is king," he said, "and this allows us to plan ahead. Conditions in terms of securing funding "are just going to be tougher, the lenders are going to be more cautious, and this gives you easy access."

Markets and businesses, meanwhile, will keep an eye on the Fed for its next moves.

The Fed has cut its target fed funds rate by 175 basis points since September, to 3.50%, with the final move a 75 basis point surprise intermeeting move this week. Investors are widely expecting a 50 basis point rate cut next week at the January monetary policy meeting given weaker data and still sticky markets.

Another rate ease would be an added powerful booster shot for what's expected to be paltry lending this year, but that move has yet to be seen.

PrimeRevenue, which said it has no plans to go public, said its platform is deployed at 30 buyers worldwide and used by 2,500 supplier accounts, which are live in seven currencies in Europe, North America, Asia, and Australia. PrimeRevenue has plans to grow to 7,500 supplier accounts within the next 18 months. Competitors include banks and niche software vendors that do not offer supply chain finance as a core product. Orbian is one competitor.

A PrimeRevenue executive said his company is the largest supply chain finance platform focused exclusively on this solution.

(Deborah Lynn Blumberg writes about the Treasurys market for Dow Jones Newswires.)

-By Deborah Lynn Blumberg,  
Dow Jones Newswires



Web Site: [www.primerevenue.com](http://www.primerevenue.com)

Telephone: (678) 904-7100

THE PUBLISHER'S SALE OF THIS REPRINT DOES NOT CONSTITUTE OR IMPLY ANY ENDORSEMENT OR SPONSORSHIP OF ANY PRODUCT, SERVICE, COMPANY OR ORGANIZATION.  
Custom Reprints (609)520-4331 P.O. Box 300 Princeton, N.J. 08543-0300. DO NOT EDIT OR ALTER REPRINT/REPRODUCTIONS NOT PERMITTED

**DOWJONES**