

Account Receivable Automation for Manufacturers, Distributors and Wholesalers



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"We believe we can be the next VISA. VISA solved a significant problem in the consumer space; B2B has shown to have a very similar demand."- Michael Noble

CEOCFO: Mr. Noble, would you tell us about Apruve?

Mr. Noble: We manage revolving lines of credit for B2B companies. When businesses sell to other businesses, they do it on payment terms like Net30 or Net60. We wrote software to automate the process and use third party banks to finance and underwrite all orders placed. The seller can extend payment terms to his customer but get paid within 24 hours. In simplistic terms, we are the Visa of B2B commerce.

CEOCFO: Do people use this in the normal course of business or does it tend to be more companies that are having trouble making ends meet?

Mr. Noble: 80% of B2B transactions are done on terms. The main pain point that companies have is that it is a painful, expensive and cumbersome process to go through. When you extend thirty days or forty-five days of cash to your customer, it is an accounts receivable problem to manage the customer and collect from them. Forty-five days of uncollected cash is a receivable sitting on your balance sheet. The pain is automating that process. Having banks involved to finance it eliminates a lot of that pain, risk and cost associated with managing payment terms.

CEOCFO: At the end of the day if a customer of your client does not pay does your client still owe you or the bank you are working with the money?

Mr. Noble: They do not. We basically take possession from a legal standpoint. Behind the scenes, we own the receivable, so we pay off the seller within 24 hours and if we cannot collect from the buyer, that is our fault.

CEOCFO: What types of companies are turning to you?

Mr. Noble: Manufacturers, distributors and wholesalers in the B2B space. From a vertical standpoint, we have been all over the board. We just took on distributors of bicycle and automotive parts. We have our first fortune 500 company going live this quarter that sell technology related equipment.

CEOCFO: When you take on a company, what do you look at about them that perhaps others do not pay attention to and how do you know they are a good customer or partner for you?

Mr. Noble: From a legal perspective, we have to go through what is called KYC. The company has to know their customer. It is a bank regulation. The customer has to have a decent financial record, no bankruptcies or questionable activity in their past to be an eligible client for us. Our main focus is on businesses looking to grow their online presence within B2B, it is growing about three times as fast as the B2C market right now and extending terms is key to that happening.

CEOCFO: *Are there many similar B2B service or are you ahead of the game?*

Mr. Noble: We have indirect competition. Typically businesses with cash flow issues with their credit program use a variety of services such as, invoice factoring, credit insurance or collection agencies. Our hybrid platform resolves all the issues these solutions do in one convenient cloud portal that is more of a partner with a business instead of the service that companies only call in a moment of panic.

CEOCFO: *Would you take on all of the company's business or are there some areas where you might pick and choose?*

Mr. Noble; We just implemented our platform on a 500 million dollar electronic component distributor and we will manage 4000 of their customers. They told us it costs just as much to manage those smaller accounts that it does the larger ones but the return is not there, so they are great candidates for automation. In that particular case, we are just going to manage a piece of their customer base to start with, not the whole thing.

CEOCFO: *You had a series A funding back in June. How far will that take you and do you anticipate doing another funding in the near future?*

Mr. Noble: Yes, you kind of have to, that is the way it works. We raised a small A in July. We have kept our burn pretty low but we should be at the revenue MRR targets that we want by fall of next year.

CEOCFO: *How are you reaching out for prospective customers?*

Mr. Noble: We have an internal sales team doing prospecting and use various third party tools to help us on top of that. Our internal marketing team is also maximizing our digital presence and doing lead generation through Adwords, Adsense, content generation blogs and white papers. This January we are doing a webinar with the National Association of Wholesalers, mainly through online and direct channels.

CEOCFO: *You appointed a new chief technology officer recently. What will David Onnen add to the organization and why now?*

Mr. Noble: We are getting bigger and investing heavily in product development, we needed someone with his background to drive everyone in the right direction. With his leadership presence the team is more focused on long term planning, that will be a large asset to us moving forward with our growth.

CEOCFO: *What is involved in implementing a program?*

Mr. Noble: For online customers, we look like a payment gateway. Very similar to how PayPal works, we are a couple lines of java script that sits on a website and at checkout, our API takes over from there, making various calls back and forth to the platform. We also host a credit application that is branded for the seller, but it is pretty straightforward from a technology standpoint, we have many extension already built for eCommerce platforms like: Magento, Shopify, IBM commerce and others. It can take fifteen minutes, and for custom, it can take a couple days.

CEOCFO: *What has changed in your approach? What have you learned so far?*

Mr. Noble: I think the biggest thing we have learned is when to say no to the wrong customer. Raising our series A gave us the ability to know that our future is secure and it is much easier when the wrong type of customer knocks on our door that we can say no and move on to someone who is a better fit.

CEOCFO: *Why is Apruve an important company?*

Mr. Noble: We believe that we can be the next Visa. Visa solved a significant problem in the consumer credit space. B2B has shown to have a very similar demand. We have noticed that our platform solves a pretty big problem and we are confident that we can build a big company around it.

CEOCFO: *With the potential change in the economy, changes in industries and general atmosphere, how do you see that relating to Apruve, if at all?*

Mr. Noble: I think it will for sure. We work through various third party banks and our business model is based around essentially a lending rate. The potential for that lending rate to change looks very strong. That is something that we will have to mitigate and deal with.