

TradeCard adds features and customers

One of the only dotcoms left standing, TradeCard has proved it can streamline the trade process. CEO Kurt Cavano talks strategy and growth.

Has TradeCard continued to meet its growth targets this year?

Cavano: Yes, despite SARS and the global slow down we are still achieving double-digit growth. We are growing by bringing on new customers and adding more features and functions to the technology. But we are also expanding by bringing on service providers. Probably the most exciting development on this front has been our agreement with a world-class financial institution based in the US to provide vendors with financing. Through the relationship with this company whose name we cannot yet mention we are able to give vendors immediate access to cash and help them with their cash flow.

How many companies are availing of this service?

We have just launched the program and will be rolling it out over the next six months. We have begun work with a few companies already. The service appeals to companies that have terms with their buyers and want to get the cash immediately. Say their terms stipulate a 45-day payment period, well by tapping into the finance provided by our partner they can get paid up front.

Is this financing offered at competitive rates?

It is offered at reasonable rates and these rates will depend on the credit quality of each company. In order to make it attractive we have to make it more competitive than what they are paying now. Ultimately we think it will replace some of the financing that is offered by factoring providers. And the application process will also be relatively simple, reducing the amount of paperwork required. Vendors will be able to get their money within 24 hours by clicking a few buttons.

What vendors have joined the TradeCard network in Asia recently?

We have increased our penetration in the footwear and apparel markets significantly. We have brought on big footwear factories in China and Vietnam, and we are in the process of signing up one in Korea. Footwear trade has traditionally involved a lot of paperwork, so it is an ideal fit for us. It also suits our offering because it is a close-knit market where vendors are selling products to buyers with multiple subsidiaries. This overlap makes implementing the TradeCard technology very economical because once a vendor has established links with the buyer it is easy to duplicate this for their subsidiaries.

Have you changed your marketing strategy?

No, we are still promoting ourselves through established channels but we are finding that most of our new customers come from word of mouth. Business communities tend to be small in Asia and by having a few happy customers in each market we have been able to grow through referrals. This has also allowed us to reach critical mass in a few industries.

I understand you have also developed a tool to show how customers can save money by using TradeCard?

Yes, now that we have a track record of working with buyers and sellers, and have statistics and numbers on how our service streamlines the trade process we have been able to develop an ROI calculator which shows potential customers how much they can save by using TradeCard. The tool calculates variables such as shipment sizes, shipment costs and days outstanding on invoices to show what the ROI will be net of TradeCard's fees. This also allows us to negotiate fees with customers so that they achieve a positive ROI as soon as possible. This way we can prove that our service is not just about making the trade process easier but it is also about saving money and saving it quickly. The calculator helps us to build a business case for our customers.

When TradeCard launched it promised automated processing from end-to-end, which part of the trade cycle still remains a manual process?

This depends on the sophistication of the customer. From a document processing perspective, we have some trading chains that are fully automated. JCPenny for example uses TradeCard to send purchase orders to their vendors. When the vendors are ready to ship the goods they use Avery Dennison to create labels. The barcodes on these labels are then scanned to create invoices and these invoices are fed into our payments system. This demonstrates that processes like creating purchase orders and packing lists, providing proof of delivery and making payments is now automated. The area that remains paper driven is customs clearance on goods as they reach a port. I think it will be a while before customs authorities around the world are ready to deal electronically.

How close is TradeCard to achieving profitability?

We have some way to go but by maintaining double-digit growth we have a good chance of reaching our target. We just raised another round of financing through Warburg Pincus so capital is not an issue. Warburg has been an investor since the beginning and they are pleased with the growth in our trade volumes. In 2001 we processed \$50 million worth of trade. In 2002 we did about \$400 million and this year we are processing \$100 million per month so the year-end figure will be north of \$1 billion. We are excited about our prospects.