



## Channel Partners Capital – Creating Value for Equipment Finance Companies

*For our special member spotlight, Newsline sat down with Brad Peterson, the Founder and Chief Executive Officer of Channel Partners Capital (CPC), to discuss the value of working capital solutions for equipment finance companies.*

**Newsline:** Thanks for taking the time out of your busy schedule to sit down with us, Brad! Can you start by telling our readers a little about yourself and your background in the equipment finance industry?

**Brad Peterson:** I began my equipment finance career at Manifest Funding Services, where I was for nearly a decade from 1996 to 2005. During my last years there I served as Senior Vice President and General Manager. I spent a couple years each at Pentech Financial Services and CAN Capital. My years at CAN Capital led to the development Channel Partners Capital (CPC).

More relevant to today, CPC's business originates exclusively through equipment finance companies (EFCs) providing working capital loans to their small- and mid-sized business customers (SMBs). Channel Partners Capital was launched in 2009 and has originated over 7,000 loans, generating over \$375 million in loan receivables since inception.

**Newsline:** Please tell our readers about the challenges you identified in the equipment finance sector prior to launching CPC in 2009.

**Peterson:** We knew there was a big opportunity to help EFCs service their customers by providing them easy access to growth-oriented working capital. At the time, and still today, the EFCs are misunderstood by many working capital sources. CPC was created because we recognized and understood the gap in the understanding and opportunity.

Our biggest challenge has been building processes that are non-disruptive to the EFC's current business practices, which would allow EFCs to seamlessly offer working capital to their customer base.

Because our product's terms and rates are different, many EFCs perceive their borrower is different, but that's just not so. Our borrower credit profile looks just like the EFCs equipment finance customer. I would have loved to have most of my current CPC portfolio on the books when I was at US Bank!

Our project/growth financing is a great fit where the returns support the borrowing. Good business people recognize the opportunity and the fit of what we provide in the finance market.

**Newsline:** How would you describe the CPC model? What makes CPC stand out as a unique lender in a highly competitive market?

**Peterson:** The CPC model is built around NOT disrupting an EFC partner's leasing business. We recognize the necessity of an EFC to be able to easily and seamlessly offer working capital (where and when it fits) without interfering with their sales or operations processes.

Remember, our borrower looks just like the EFCs customer; in fact, it often is the EFC's customer being financed through another source.

We have built technology solutions that integrate with EFCs by a touch of a button or through a portal to provide real-time approvals based on the information they already have. We call it *ChannelXpress*. Our goal is to put a working capital line of credit approval in the hands of every equipment finance salesperson when they are working with their leasing customers. The EFC salesperson can then decide if, when or how to present the approval. Our early results suggest 10-20% of the time the offer is "right place, right time and right process."

Channel Partners Capital achieved a major milestone in 2017 when the company was ranked among the fastest-growing pri-



vate companies in the United States by *Inc.* magazine for the fifth straight year.

**Newsline:** What major factors have contributed to CPC's consistent and rapid growth within the equipment finance industry?

**Peterson:** I would contribute our success to four major factors:

- **PRODUCT** - CPC offers a rapidly growing form of financing, generally abandoned by traditional lenders, that supports the growth plans of SMBs and is delivered through an established, trusted relationship with an EFC.
- **OPPORTUNITY** - Our borrowers are SMBs who are also equipment finance customers of EFCs. We offer working capital through the EFC at a time when their customer is most likely going to need access to capital for growth.
- **EXPERTISE** - Our experience and exclusive focus on the equipment leasing marketplace and EFCs has helped us create customized products and programs that allow us to partner with premier, competent equipment finance companies.
- **RELATIONSHIPS** - We value and respect the relationship the EFC has with their customer and we don't compete with them in the marketplace, which is often the case with other working capital providers.

CPC recently launched *ChannelXpress* – a proprietary technological tool enabling equipment finance companies to submit working capital applications on behalf of their clients and receive immediate true approvals.

**Newsline:** What market dynamics did you recognize that drove the need for this new platform?

**Peterson:** There are two key market dynamics that we feel have driven the early success of *ChannelXpress*. First, we recognized the acquisition/purchase of equipment by an SMB is a good indicator of a growth activity or project going on within the SMB, and that offering easy, convenient access to growth capital by a trusted advisor would be an efficient and effective method to support SMB financing needs.

Secondly, we knew our product had to fit easily within the EFCs current business processes. *ChannelXpress* offers an online, real-time approval process, utilizing the information an EFC already has. We have the capability to fully integrate the *ChannelXpress* system with almost any CRM/leasing system, or to offer access through a simple and easy portal for the EFC to use.

*ChannelXpress* puts a line of credit approval in the hands of each EFC salesperson to support their SMB customers as they best see fit. It's fast, simple and non-disruptive.

**Newsline:** As you look forward into 2018 and beyond, what do you believe it will take to remain a leader in your area of specialization?

**Peterson:** We have invested heavily in people who understand our market and partners AND who are highly competent in underwriting and servicing small- and mid-sized business loans. CPC recognizes that we offer an alternative product that supports, not drives, the EFC relationship with their SMB customers.

What's more, our proprietary technology platform allows us to efficiently connect with EFCs without disrupting their business. This technology also makes CPC extremely efficient in processing, approving and funding SMB loan transactions. Because of our collective industry expertise, we are able to focus, develop and deploy our technology to the overall benefit of EFCs and their customers.

Finally, we employ a data-driven business approach to successfully and profitably originate, fund and service SMB loans through equipment finance company partners.

Over the past 9 years, I believe CPC has led the adoption of working capital loans among equipment finance companies. In 2018, CPC plans on accelerating our integration with EFCs and helping our partners provide better service to their SMB customers with more convenience and ease for the customer and less effort on the EFCs part. 