

FINANCE | INNOVATION

Q&A: The benefits of blockchain-based financing for cash-strapped SMEs

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2 mins read



Today, we talk to David Inderias, co-founder and CEO of Fresh Supply Co, a digital technology company that specialises in supply chain digitalisation and innovative financing solutions for small businesses. Fresh Supply's financing solution makes use of blockchain technology to offer lower and competitive rates that are benefiting small businesses, especially those that are experiencing cashflow issues in the wake of the pandemic.

ISB: How did the idea behind Fresh Supply Co come about?

DI: I had some previous exposure to the ag sector, and met Ben Lyons who was briefing a cohort of entrepreneurs that had been selected to go to China as part of a government program in early 2017. We discussed what Ben was doing in export aggregation of perishables and talked about the supply chain and emerging technology of blockchain. We realised that blockchain was an emerging technology but didn't know yet what the most useful application of the technology would be. We explored use cases from consumer to regulatory, and ultimately where we are today, financing.

ISB: How is blockchain technology helpful in providing financing for small businesses beyond what traditional financing institutions are offering?

DI: Three reasons: 1) unlocking the value of data already there and used daily for operations, stock inventory, yield, and efficiency; 2) integrity of data, as with blockchain it's there and it can't be changed so stakeholders can reference the data in a trade conflict; and 3) data can power more flexible, and less secured terms that are extremely favourable to SMEs.

ISB: What has been the most challenging aspect of running a business like this one and how do you overcome it?

DI: Making decisions around where the best place to allocate technical and economic resources, on incomplete information as well as positioning the business. You filter out noise. You listen to trusted sources. You make up your own mind. And you quickly turn around if you've made the wrong decision or are presented new information.

ISB: How has been the reception of small businesses to your service thus far?

DI: Small business is interested but typically conservative (particularly in the agribusiness and manufacturing sectors) when it comes to trying new things. If we clearly show what the economic benefits of an offering are – and it's not too much of a change or difficult, then small-business owners can be won over.

ISB: How do you see the business evolve in the next couple of years, especially in relation to blockchain?

DI: We'll be able to rely more on data, and internal risk models versus traditional security and SME credit risk decisioning. That data, inclusive of financial risk information will allow greater liquidity on receivables and unsecured typed lending. We'll also see the growth of digital assets like carbon/environmental credits.

ISB: What has been the most important lesson you've learned in this business journey that other entrepreneurs can learn from?

DI: Change for many businesses is hard. Being able to re-think say for example capital allocation, procurement, working capital in atypical or non-traditional formats can be hard to do. This isn't something that most SME's do naturally, and significant benefits can be gained from thinking about cashflow and structuring lines of credit in unorthodox ways.

Blockchain Fresh Supply Co



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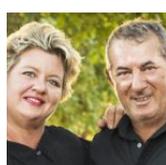
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