

Lending a HAND

Capify has grown a global business locally by tapping into a market that was previously underserved.

Images courtesy of Capify

Capify says it is a small business financier with a difference; it provides support and unique financial solutions to businesses when the big banks and other lenders won't. The company initially launched in 2008 during the global financial crisis; it was one of the first to provide unsecured alternative business finance in Australia, and the first to provide a full online application for business finance.

Managing Director of Capify Australia, John de Bree, came to the role in 2010 with decades of experience within the financial services industry. He had 10 years at MasterCard under his belt and was ready for a new challenge with Capify, then known as AUSvance. "One of my previous roles was Vice President of Sales and Business Development at MasterCard. I had the responsibility to grow the MasterCard business for all the banks in Australia. I was with them

from 1998 to 2009—over 10 years with MasterCard worldwide in various senior management roles—so I had a lot of interaction with the banks around not only consumers, but also small business.

"When I came to Capify, it was known as AUSvance. We only changed to Capify in July 2015. AUSvance launched in Australia in 2008, during the GFC, which is was a significant thing because it was a pretty bold move. In 2008, essentially, we had a contractor running around trying to do some deals. In 2010, I was approached to open an office in Australia, so I started out by myself. I was the coffee boy, the guy who had to go and buy the fax paper, and anything else—since then, we've grown to just under 50 employees."

Since launching and pioneering the industry seven years ago, Capify has grown rapidly, including 400 per cent in the past two years. John believes this is

partly because Capify filled a gap in the market and provided a service that small businesses desperately needed. "Small business in Australia, and consumers for that matter, were underserved to a large degree," John explains. "What you're now finding with the alternative lenders is that the gap in the market is being addressed. From a consumer perspective, it's the peer-to-peer lenders—from a small business perspective, it's alternative lenders, like Capify. The banks wouldn't lend to those markets because of the risk."

With the recent launch of Capify's 'Apply Online' business finance platform, it was able to discover another gap in the market. John says, "We found that 46 per cent of our applications for business finance were being submitted outside of the normal business hours; this is a key area of differentiation for us compared to the banks. We are flexible in responding to the small and >

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- John de Bre

medium enterprises’ [SMEs] needs, and work around their busy work environment.

“Over the past seven years, we have collected substantial historical data that others don’t have access to. We have a proprietary credit model where we can assess loan applications with seven years of history. As such, we have been able to enhance our credit model and offer more funds to SMEs

because of this experience—we currently offer up to \$400,000 unsecured finance to SMEs. We are, also, the only alternative lender that’s been through a full credit cycle since pioneering the industry in 2008. We have been through the bad times and the good; we know what to expect; we have learnt from the GFC.”

John is a strong advocate for responsible lending within the

alternative lending space. As more new entrants come to the market without any historical data or experience, the SMEs could be at risk of receiving potentially dangerous amounts of funds that they might struggle to pay back. “This is where our extensive experience and market knowledge can responsibly assist small business growth.”

One of the other advantages Capify has now, John says, is its history in the Australian market paired with its global brand. Other alternative lenders don’t have Capify’s local experience or its global connections. This, John explains, is the true Capify difference. “We have learnt a lot about the market; we have a lot of historical data. We were able to test out and enhance our credit model. That gave us a lot of time to understand the market and grow the market exponentially. We wanted to come in before the others, learn all about the market, and have a sustainable strong business with a lot of history and acumen.

“The benefit of being global is that we have global suppliers. With those suppliers in the UK, Canada, US, and Australia, we negotiate globally for the benefit of SMEs. It means there’s cost savings to SMEs in Australia. But it’s not only about global suppliers; it’s also about global opportunities. For example, an SME in Australia who has a business here but wants to expand into some of the other global markets can borrow money in those countries because we know about that customer already. We can leverage the experience we’ve gained here for their global benefit.”

Suppliers, John says, are one of the keys to any company’s growth. Capify works intimately with its suppliers to ensure the best deal for both parties, and to provide the best service for customers. “Our suppliers are key to our success. Our policy has always been to have backup suppliers—or a contingency plan, if you like. We have more than one supplier looking after segments. For example, businesses like OzFax or Senses Direct have databases of SMEs that we fax or mail to offer

them finance. “We have regular meetings with our suppliers, and we have internal audits to look at things—like how they can enhance our offering to SMEs. Also, of course, we do cost reviews with those suppliers as well.”

Capify has big plans for the future. The company wants to introduce new products to give more choice to customers, and work with more partners to grow the business. “At the moment, we have three products in the market,” John says. “In the next 12 months, we will be offering even more products to SMEs. That will give customers a variety of options and allow us to customise the best product for them. We are also securing multiple strategic partnerships with global companies that reach out to SMEs. For example,

“The thing that Capify and Senses Direct have in common is a solutions approach to the way we do business. Both companies enjoy a consultative approach and ultimately benefit from that style of relationship.” - Mark Mina, Managing Director, Senses Direct

we have recently signed collaboration agreements with Ali Baba and Xero.

“So, one would be more products, a far bigger variety of products, and customised products for SMEs. Another is strategic partners—and I think a third thing is when you look at channel partners. If you look at brokers and dealers, again, you have direct access to SMEs; it’s all about the SME. They would have customers that wouldn’t be aware of us. So, we need to communicate and educate a lot more, to both partners and SMEs, to assist them in their growth and access to funds.”

John’s approach at Capify has been to focus on technology as a ‘fintech’ organisation. With the launch of its 60-second online business finance platform, called Apply Online, Capify is leading the industry in innovation. John believes that it’s about more than just offering finance to



SMEs—it’s a real solution that adds value to these customers by saving them time and hassle. The ultimate goal at Capify will always be to maintain the high level of customer satisfaction, which stands at over 90 per cent on the independent review platform Trustpilot. It also wants to offer SMEs the opportunity to grow their business, which they weren’t able to do previously. “I believe we are making a strong contribution in assisting small business growth Australia-wide, and providing a real alternative to traditional methods of finance.”

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