

flexport.

White Paper

Flexport Capital: New Finance Solutions for Trade, Inventory, and Growth



- The businesses that will flourish amid the steep uncertainties of today's economy have two things in common—**responsive supply chains and the capital** to keep them responsive.

➤ **Between tariff hikes and trade wars, emerging geopolitical factions and a looming potential for recession, executives and logistics managers need new ways to stay agile while facing trade turbulence.**

Now, with Flexport Capital, flexible trade financing is available to fund inventory, facility costs, freight, duties and more — so you can optimize working capital, reduce landed costs, and deliver goods on time to meet demand.

Clients already trust Flexport's digital freight forwarding solutions to provide trailblazing data, transparency and expertise in global trade and the supply chain. Flexport Capital mines these insights — only available from Flexport — to offer quick, customized financing.

See how you can develop production and logistics strategies and reallocate working capital to drive explosive growth. Here's how some of our clients have used trade financing:

- Negotiate larger orders at lower prices
- Fund the expansion of manufacturing facilities
- Stabilize variable overhead
- Ship goods before peak-season rates
- Build inventory to switch to lower-cost transportation options
- Invest in marketing
- Start new business units

Read on to discover three stories of companies that have successfully leveraged Flexport Capital to strengthen their supply chains and unlock growth.

Going Places: Arlo Skye

A luxury luggage start-up streamlines a challenging production schedule—while lowering manufacturing and freight costs—with custom financing from Flexport Capital.

At A Glance

- Functional luxury luggage
- Direct-to-consumer online, limited hotel retail partners
- Collaborations with Audi and Sight Unseen, features in Condé Nast Traveler, The New York Times, Hypebeast and Vogue.
- Operating for 3 years when it came to Flexport Capital





Large banks just didn't quite understand the speed at which we operate and our need for financial flexibility.

Mayur Bhatnagar
Founder at Arlo Skye

Arlo Skye, a high-design luggage maker, wrestled to align production timing against seasonal sales spikes. Hard goods tie up substantial capital, and the emerging, direct-to-consumer brand was winning design awards and appearing in popular magazines — but waiting at the gate during long production cycles in its slower months.

By partnering with Flexport Capital, Arlo Skye turned tough timing into surging success. Landed costs went down by 5%. Year over year, the company's growth soared by 70%.

Transparency changes things

Mayur Bhatnagar gets pulled in all directions as Arlo Skye's founder, but the pull of simplicity is stronger.

"It was our pursuit of simplicity that first introduced us to Flexport's freight forwarding services," explains Bhatnagar.

"Before Flexport, our freight vendors were a disaster. We would work with five different shippers for five different shipments and we had no transparency. After we switched, everything was smoother, we were being charged fair prices, and we realized several key benefits — including lower landed costs."

Financing follows function

Together, Bhatnagar and the Flexport Capital team formed terms that address seasonal tides at the purchase-order level, putting the company in control of production timing, its primary pain point.

Traditional banks saw the timing as a liability — but Flexport Capital understands the shipment lifecycle and had confidence in Arlo Skye because Flexport manages its shipments.

Arlo Skye is using its increased cash flow to make larger buys at more competitive prices and open new sales channels in expanded markets, all despite rising tariffs and other trade uncertainties. Now, when demand swells before summer and holiday travel, Arlo Skye is ready for take off.

5%

reduction in landed costs

70%

year-over-year growth

Essential Scaling: Vitruvi

An upscale wellness brand partners with Flexport Capital to reorganize its artisan manufacturing, meet ferocious demand on time, and lower its per-unit freight costs by over 97%.

At A Glance

- Sophisticated seller of essential oils
- Direct-to-consumer online, enterprise and lifestyle retail partners
- Began as a small family business in Vancouver, Canada
- Grew internationally with Flexport and Flexport Capital





Working with Flexport Capital, we secured the funds we needed to move production facilities within a week and a half while coordinating our first shipment

Sean Panton
Founder at Vitruvi

Wellness brand Vitruvi’s flagship product is a handcrafted, hand-painted essential oil diffuser. After product features in Vogue and Forbes, Vitruvi’s waitlist erupted, virtually reaching cult status.

Founder Sean Panton went the extra mile and then some to catch up, flying to Taipei quarterly to encourage faster production at Vitruvi’s artisan stone and ceramics factory. But traveling cut into his time growing the business as a whole.

Innovative financing works

Attempting to offset long production times and satisfy skyrocketing demand, the company swallowed heavy air shipping costs of \$15 per unit.

“It’s hard to think of growth as a bad thing, but we were in a tough spot,” says Sean. “It was a make-or-break situation . . . our production and shipping processes had to change.”

Vitruvi was too young for traditional loans to offer favorable terms, and banks were too slow. At the same time, Panton was uninterested in diluting his equity with a round of investor funding. Vitruvi needed innovative financing.

\$50k+

savings on landed costs

900%

growth over four years

Strategy and funding unite

Flexport and Vitruvi made three key changes. First, Flexport reviewed data to devise transportation solutions with greater efficiency, and predictability. Next, Vitruvi partnered with Flexport Capital to immediately restructure the supply chain with financing for new artisan production facilities.

Once manufacturing met demand, Vitruvi whittled its waitlist and had the stock to transition from air to ocean freight. Shipping costs dropped from \$15 to \$0.33 per unit, saving more than \$50,000 on landed costs. As for Panton, he’s breathing easier now as well.

Up to Speed: Solé Bicycles

A stylish bicycle maker with stratified distribution channels takes advantage of growth cycles, using loans from Flexport Capital that free cash from the supply chain to build new business units.

At A Glance

- Bicycle designer and builder with strong lifestyle branding
- Direct-to-consumer online, in-store, wholesale to retail partners
- Based in California with a global network of manufacturers





I had never heard of getting financing from your forwarder. But Flexport is different from other forwarders. They approach these problems in a very 21st-century way.

Jimmy Standley
President at Solé Bicycles

17

total shipments financed
by Flexport Capital

24%

projected year-over-year growth
in sales from 2018 to 2019

113

total TEUs moved with Flexport

With its own online store, a brick-and-mortar, plus corporate retail partners, Solé Bicycles has a complex supply chain. Heavy content marketing keeps the brand top of mind, so demand was growing quickly, leaving this popular bike builder in a serious crunch for working capital.

“The most frictionless piece of our supply chain is our freight forwarder,” says Jimmy Standley, President of Solé Bicycles. So when Solé struggled to maintain inventory, Standley turned to Flexport Capital.

Ride high on relationships

Solé was already managing shipments on Flexport’s platform after years of trying to get more out of multiple forwarders who worked exclusively with spreadsheets and emails. “It was hard to build a relationship [with other forwarders],” he says. “There was very little transparency.”

That improved when Standley moved Solé to Flexport, where there’s always someone with whom he can have a real conversation. Standley mentioned Solé was riding circles around the same problem — not enough inventory — that’s where Flexport Capital came in.

Cash flow builds new business units

The team at Flexport Capital had granular access to Solé Bicycles’ shipping history, so loans — paid directly to Solé’s suppliers — alleviated the pressure of thick logistics. Loans were delivered quickly and at a price point Standley couldn’t beat at the banks.

With cash freed from the supply chain, Solé is investing in its signature marketing and developing a fourth sales channel with local facilities to produce bespoke bicycles — this time, without spinning its wheels waiting for inventory.

Conclusion

➤ To discover more options about how you can address your working capital challenges and grow your business, reach out to the Flexport Capital team for a [no-cost trade finance consultation](#).

Helpful Resources

[Read more about Arlo Skye](#)

[Read more about Vitruvi](#)

[Read more about Solé](#)

About Flexport

Through its Operating System for Global Trade, Flexport delivers a strategic model for global businesses that combines advanced technology and analytics, logistics infrastructure, and hands-on supply chain expertise. Delivered to customers and suppliers via a highly available and secure cloud software platform, Flexport's Operating System for Global Trade enables fast and reliable transit times, greater visibility and control, and low and predictable supply chain costs.

With its cloud software and data analytics platform, Flexport today serves almost 10,000 clients and suppliers across 109 countries. Its offerings span ocean, air, truck and rail freight, drayage and cartage, warehousing, customs advisory, financing, and insurance.

Learn more at flexport.com

This White Paper is made available for informational purposes only. We do not guarantee, represent or warrant any of the statements in this White Paper, because they are based on our current beliefs, expectations and assumptions, about which there can be no assurance due to various anticipated and unanticipated events that may occur. The information contained in this White Paper is subject to change at any time without prior notification. This White Paper has been prepared to the best of our knowledge and research, however the information presented herein may not reflect the most current regulatory or industry developments. This White Paper should not be relied upon for any future actions including but not limited to financial decisions. Neither Flexport nor its advisors or affiliates shall be liable for any losses that arise in any way due to the use of this document or the contents contained herein. The contents of this White Paper, and the logos, used in this White Paper are protected by the copyright laws of the United States and other jurisdictions. You may print a copy of any part of this White Paper for your own personal, noncommercial use, but you may not copy any part of this White Paper for any other purposes, and you may not modify any part of this White Paper. Inclusion of any part of the content of this White Paper in another work, whether in printed or electronic, or other form, or inclusion of any part hereof in another web site without linking to the full White Paper is prohibited.