

Military and Emergency Services Supplier

PURCHASE ORDER FINANCING

CASE STUDY



A recent client of ours is a Spokane, WA based company that offers over one million products nationwide servicing the military, police, fire, tactical and emergency markets. The Client is known for their long-lasting relationships and continues to build relationships by providing additional services and information about products in the market to their customers.

BACKGROUND

- Formed in 1987, the client sells products to the U.S. Government
- Was awarded a \$4 billion extension to their existing contract with the Defense Logistics Agency (DLA) Troop Support in 2019, expiring in 2020

COMPANY CHALLENGES

- The Client was going through an acquisition and lacked sufficient credit to purchase goods ordered by the United States government
- Needed a PO Financing Facility to continue to fulfill their obligations under the government contract
- Certain purchase orders were partially funded by working capital but needed additional funds to get the goods released by the manufacturers and meet the significant increase in supply opportunities



CAPSTONE'S SOLUTION

- Provided a temporary PO Financing Facility of up to \$1 million, followed by a \$20 million PO Financing Facility after their merger transaction closed
- Introduced the Client to a new factor who specializes in buying U.S. government accounts receivable

PROGRESS AND FUTURE OUTLOOK

- A Tri-Party Agreement was negotiated between Capstone, the Client, and the Factor
- Capstone has received all funds on the financed POs on schedule
- The Client is projected to expand rapidly and utilize much more of the Purchase Order line on a going forward basis once the new factoring relationship begins



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