

Accounts Receivable Financing - Cleantech

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Accounts Receivable Financing- Cleantech explores the emerging definitions of “cleantech” and world of “cleantech industries” at a time when the world is increasingly concerned with global warming, our energy supply and pollution. Accounts receivable financing may be an important source of funding for cleantech industries when banks and venture capitalists are unwilling to provide capital for growth to new and significantly risky companies and technologies.
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Look at the headlines in your newspaper. Environmental concerns are major concerns today and every day: people are worried about the price of gas; scientists and governments are debating the issue of global warming and what to do about it; stories abound regarding solar energy and other alternative energy sources such as nuclear energy, biodiesel fuel production, and energy produced by wind farms. The price of a gallon of gas and how many miles to the gallon a particular car can achieve- both are familiar topics. The quality of our air is reported regularly and in some areas alerts are posted on particularly polluted air days. The purity of our water and whether or not we will have enough water for humans and agriculture are serious concerns. Is it any wonder that world wide concerns regarding our environment are subjects of intense debate today? What are governments and businesses doing about these issues? What is cleantech?

{bot_wrgoogle}According to the Cleantech Group: “Cleantech is any knowledge based product or service that improves operational performance, productivity or efficiency; while reducing costs, inputs, energy consumption, waste or pollution.” In other words, cleantech may be a product, a technology, or an application (way of doing things) that achieves environmental and social goals with economic benefits superior to the status quo.

Another definition by Diana Propper of Expansion Capital Partners states: “On one side, cleantech is really about resource efficiency and productivity in supply- how to manufacture and produce to save energy, water, materials, etc. On the other side, these technologies are enhancing the bottom line of customers.” Solar energy, subsidized by government and the Prius automobile come to mind.

Thomas L. Friedman in the New York Times, January 2006 said: “Sorry, but being green, focusing the nation on greater energy efficiency and conservation, is not some girlie-man issue. It is actually the most tough-minded, geo-strategic pro-growth and patriotic thing we can do.”

The meaning of cleantech is changing with innovations and new thinking. For instance, polluted land, called brownfields, may be remediated i.e. cleaned up into greenfields- land suitable for homes or industry- this is cleantech. New technologies like sensors, monitors and scrubbers to reduce pollution from factories in Singapore that manufacture semiconductors- this is cleantech. Fuels for cars that pollute less like electric cars or ethanol engines- this is cleantech. Energy efficient light bulbs and double pane windows for superior insulation- this is cleantech. Other cleantech examples are wind turbines, fuel-efficient engines, geothermal energy, energy-efficient appliances and water treatment systems.

The momentum of cleantech is growing because of international political issues such as climate change, energy security issues and concerns about CO2 emissions. Consumers are demanding faster, cheaper, lighter and cleaner products. Large

corporations are responding with greening efforts. The potential growth in the cleantech industry is a worldwide opportunity for business of all sizes to participate in a huge marketplace. Entrepreneurs have unprecedented opportunities to create transformative technologies in the cleantech industry.

Cleantech starts with an idea, an entrepreneur, and a new business to incubate a technology, a processes or an innovation. Until the company has proven the technology and has significant revenue and growth, it is unlikely to draw attention from large industrial conglomerates, angel investors or venture capitalists. Entrepreneurial start-ups have a much higher risk tolerance to nurture fledgling technology and retain the talent that start-ups attract. Accounts receivable financing can provide capital for start-ups to achieve profitability when other types of financing are not available.

The dominant cleantech markets are solar energy, efficiency technologies (sensors, monitoring and control devices), energy storage, and water technologies. The emergent cleantech markets are bio-based materials, marine energy technologies, superconductors and waste-reducing plasma technologies. Government subsidies may be a blessing and potential curse because if removed, an entire industry economically based on subsidies such as the solar energy industry might go bankrupt.

The creativity and ingenuity of small entrepreneurs cannot be underestimated. They will invent ways to make products, services, and processes cheaper, faster, longer and cleaner. As soon as they can bring these innovations to market and receive purchase orders for sales, accounts receivable financing companies will take the financing risks by purchasing the receivables which will create virtually unlimited capital for growth. Exponential growth for business is needed in a world that needs exponential growth of cleantech.

Attention: entrepreneurs! Here is a partial list of businesses that need cleantech innovation: car batteries, hybrid engines, lighting, toys, photograph tools, appliances, watches, calculators, medical equipment, diving equipment, cell phones, cordless phones, portable computers, power tools, industrial instruments, cranes, elevators, portable power generators, lawn care equipment and energy storage devices. Opportunities abound.

The bottom line: as the meaning of cleantech expands so do the opportunities for entrepreneurs. Accounts receivable financing may be the capital source to help you succeed in the cleantech industry.

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