When Is Factoring the Right Financing Choice?

When it lets a company make more money.

Turning down profitable orders because of a cash shortage is expensive. Factoring unlocks the cash trapped in your receivables so you can take on business you'd otherwise pass on — and the profit after fees goes straight to your bottom line.

Impact of Factoring on Profits

	Before Factoring	After Factoring
Revenues:	**$100,000**	**$200,000**
Cost of Goods Sold:	**$65,000 (65%)**	**$130,000 (65%)**
Gross Profit:	**$35,000 (35%)**	**$70,000 (35%)**
Variable Cost:	**$10,000 (10%)**	**$20,000 (10%)**
Fixed Cost:	**$20,000**	**$20,000**
Cost of Factoring:	**N/A**	**$10,000**
Net Profit:	**$5,000 (5%)**	**$20,000 (10%)**

$10,000 in factoring fees → $15,000 more net profit.

Example assumes invoices pay in 60 days at 2.5% per month.
Versant's fees typically run 1.5%–2.5% per month.