

# Benefits of Revenue-Based Financing for Ecommerce Businesses

Revenue-based financing is a method firms use to raise capital, including eCommerce businesses. Here, venture capitalists and other investors exchange their capital for a share of the ongoing future revenues of the company until it pays a predetermined amount of money. To make the investment worthwhile, most investors usually demand repayments of multiple times what they originally put in.



## Why choose revenue-based financing? The Benefits.

For eCommerce businesses, the benefits of revenue-based financing are extraordinary.

### Easier to access than bank loans



Banks typically only provide loans to business models they understand, and eCommerce isn't usually one of them.



Lenders want to lend to "low risk" businesses, not those with a high chance of failure, like eCommerce.



Many traditional lenders demand collateral – the surety that they will get their money back in the form of a fixed asset, like a house or business premises, but revenue-based financing doesn't.



Banks may charge unreasonably high-interest rates for eCommerce enterprises if they do not understand them.



Lenders may suck entrepreneurs in with low teaser rates and then demand that they pay higher fees in the future. Revenue-based financing fees tend to be lower overall.

### Easy to apply and quick to receive money

Revenue-based financing is easy to apply for, and funding often arrives rapidly.



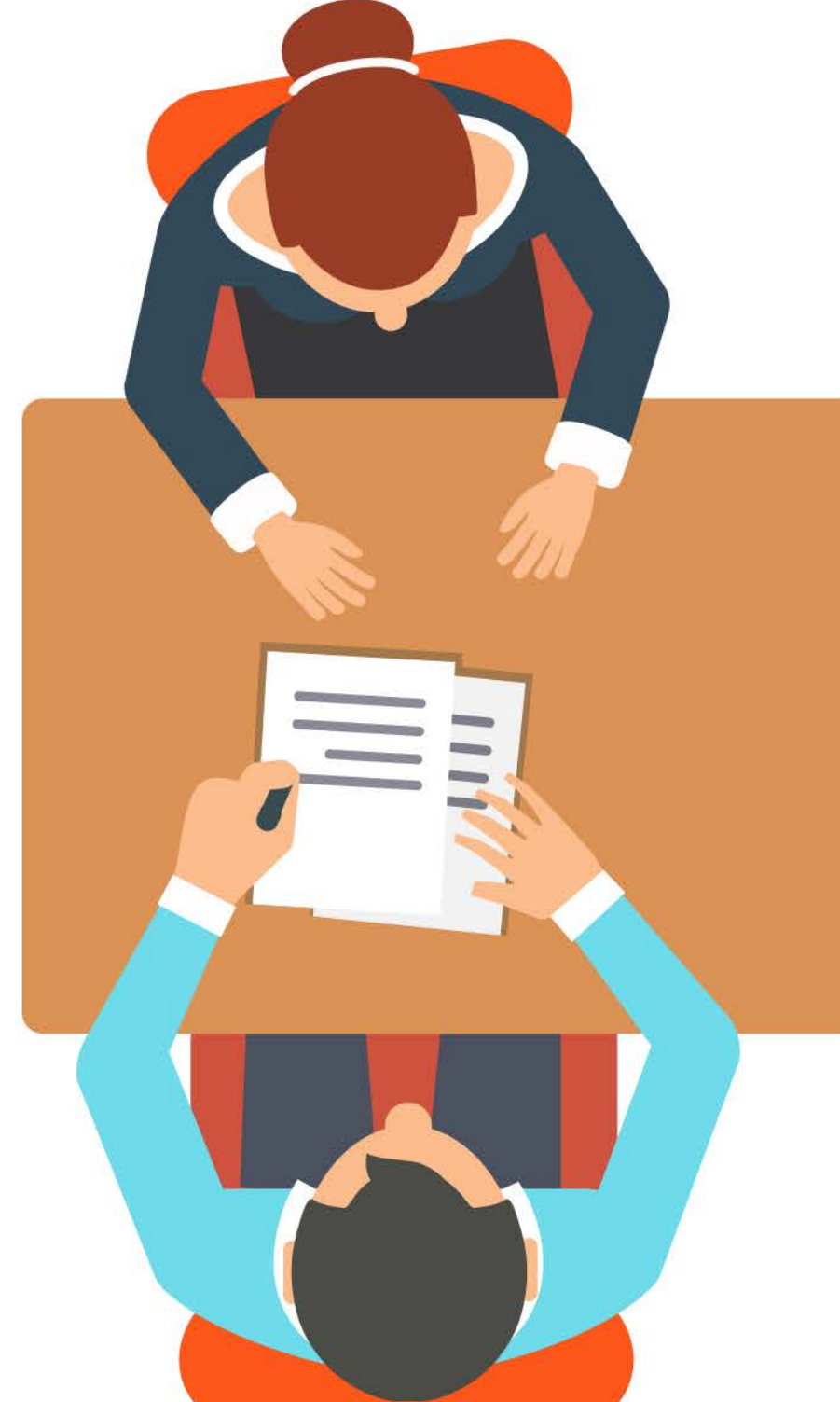
Most applications are simple one-page forms and only require you to submit three months of bank statements.



Lending services often connect directly to your bank account and eCommerce platform to see how much financing you are eligible for.



If successful, funding arrives in your account in a few days.



### No need to provide collateral



You don't have to risk your home, equity in your business, or other assets when applying for revenue-based financing.



You don't have to give up full ownership of your company to access funds.



There is no need to relinquish board seats, shares, or warrants.

### Easily capitalize on seasonal opportunities

Revenue-based financing lets you take advantage of seasonal booms in eCommerce demand.



Use financing to support your cash flow flexibly throughout the year.



### Improve your working capital position



Use extra finance to expand more rapidly and build out your business systems.



Avoid the need to supplement your business accounts with personal finances.

