



ceocfointerviews.com
All rights reserved!
Issue: February 2, 2015

The Most Powerful Name in Corporate News

Online Credit Resource for Startup and Small Business Funding



Rohit Arora
Co-Founder & CEO
Biz2Credit

CEOCFO: *Mr. Arora, what is the concept behind Biz2Credit?*

Mr. Arora: My brother and I founded Biz2Credit just over six years ago with the mission to help small and mid-size businesses gain access to credit without having to go from lender to lender or bank to bank. Borrowers should have the ability to complete everything in a secure, online environment.

We have done more than just give the business borrowers the ability to easily apply for credit; the whole mission of Biz2Credit is to help them execute on that. We are not a lead generation platform or a platform where you will come and put in your information and we will give it out to the lenders. Actually, it is the reverse; we run a banking platform and a non-banking platform. What that means is that we are banking partners, like Union Bank of California, Citibank, Bank of America, and a large number of smaller banks also. They input their underwriting criteria into the Biz2Credit platform, and when a business owner puts in an application, Biz2Credit is directly linked to wireless and linked to your bank accounts with the authorization of the business owners.

Our platform does the credit pulls and all the background checks. By doing all that, Biz2Credit gets all the financial and background information, does different financial analysis, and then matches it against lenders' underwriting criteria. Once that happens, then the business owners can see their options instantly. From that point onward, they can just upload any documents that are required and can keep working with the lender through the Biz2Credit platform. As a borrower, you are never leaving the Biz2Credit platform.

On the non-banking side, we have a marketplace lending concept where we pull in money from family offices, credit funds and endowments, and that is where Biz2Credit controls the full underwriting process. The loans are made in anywhere from one to five-year terms at interest rates anywhere between 11 to 17%. That, in combination with the banking platform, gives to business owners the ability to keep getting multiple financial products. They can start with a non-banking product and can graduate to a lower interest banking product.

CEOCFO: *How does your system differ from what is commonly available to small business?*

Mr. Arora: There are two kinds of online platforms available right now with clear differences between them. One platform is that you go in, put in your information, you see options, and then you get transferred over to the end lender. In that case, a small business owner has no control over the platform where you are applying and has no control over the actual customer experience of what you will get and not get. It is like a pure play lead generation platform.

The other kind of platforms are ones in which the lenders are automated lenders, and they have put up an online application. They can offer you one or two products through their own balance sheet, and that is the end of it. A specific example is that you need working capital, and you can get short-term working capital at very high rates of 50 to 60%. If you are looking for an SBA loan or commercial real estate loan, there is no way you could get it!

What Biz2Credit has done is that it has combined all the different aspects of small business financing. Whether you are seeking short-term financing in amounts of less than \$250,000 or going up to a \$5 million SBA loan, you can do everything on one single platform without having to fill out multiple applications. You don't have to open multiple accounts or get your credit pulled multiple times. Further, Biz2Credit provides small business owners with the ability on an ongoing basis to manage cash flow, to check the creditworthiness of their businesses, and keep improving! This is absolutely unique to Biz2Credit. The other benefit is that Biz2Credit offers these services totally free for small business owners, so that is something very important. Additionally, small business owners can set up a free loan consultation with Biz2Credit loan specialists who are credit trained people who will help them through the whole process, which is also totally free.

CEOCFO: Do business owners understand the difference?

Mr. Arora: I would say some business owners already understand it because they have done their research. At Biz2Credit, we provide a lot of education material and customer testimonials in which customers explain about their experiences and what they have done on Biz2Credit compared to other platforms. What we have seen is that many business customers love the whole free loan consultation because they feel it is a no-obligation consultation.

Some of the business owners are still looking for guidance, and they cannot differentiate the whole process. For them what we have done is that we have given them the ability to talk to one of our loan specialists. They can call in a toll-free number [\(800\) 200-5678](tel:8002005678), or they can take advantage of our live chat facility. We are able to answer many questions instantly via the live chat, and small business owners really appreciate this feature. Once they have gone through three full questions, then they start understanding the difference between the Biz2Credit platform and some of the other platforms out there.

CEOCFO: How do business owners find Biz2Credit?

Mr. Arora: Various ways. We do a lot of online marketing, so they find us through that, and we do a lot of TV advertising, so they find us through that. Word of mouth referrals are very important to us; people tell their friends about their experience on our platform. Biz2Credit also receives a lot of coverage in media. Every month, we release our *Biz2Credit Small Business Lending Index*, which tracks approval rates, and throughout the year we release special reports on Latino-owned Businesses, women-owned businesses, and the Best Small Business Cities in America.

Additionally, we have partnerships with companies like Lending Tree, Heartland Financial, and the other big companies. There are a lot of CPAs and accountants who use our platform today. It is a combination of organic as well as partnerships through which the business owners find us.

**“At Biz2Credit, we know what it takes for you to build a company and run a small business, and we understand your pain.”
- Rohit Arora**

CEOCFO: Are there typical types of business and size of business that come to you for service?

Mr. Arora: At Biz2Credit, we understand that businesses can come to us during any part of the life cycle, so we have different products for different kinds of companies. For example, Biz2Credit is the only platform in the country that has integrated a large number of microlenders that give money to entrepreneurs in amounts up to \$50,000, and they get their money from the U.S. Treasury. That is for more like startups and very young business.

We also have a non-banking platform for businesses that have been in operation for at least one year and above and can get funds pretty quickly within 24 to 72 hours. We have a banking platform where if you are a more established business, you can get a bigger amount of money. What I mean by bigger amount of money is more than half a million dollars on longer terms from five years or more; our banking platform is where they can work through it. The beauty of Biz2Credit is that by knowing you through the application process, we actually earmark the right options for your company. You do not have to struggle in trying to figure out the best options from a product perspective, as well as from a lender perspective.

CEOCFO: Was there a challenge in getting the technology to work connecting the two sides together?

Mr. Arora: Absolutely. I think the biggest challenge when my brother, Ramit, and I started this company was that there was nothing like this available. The only thing that was happening in financial services at that point was the lead generation model where these online portals gathered leads and sold them to multiple lenders. The customer experience was not great.

We wanted to provide the whole customer experience end-to-end on the Biz2Credit platform and make it a destination to keep coming back. Let us say somebody gets a loan to our platform, they can see the repayment data and can also see when the renewal is ready. In January, tax season starts, so we have built a pipeline with the IRS so you can actually get all the data directly from the agency on the tax returns that you have filed in the last four years. That is something really unique because you can also manage your cash flow as a part of the process.

On the lending side, we had to do a lot of education because most of the lenders were used to just buying leads and then dealing with the customers in an offline space. We went to the lenders and said they had to do their underwriting criteria through us because we will actually run the whole process. It was a big challenge initially and a big transition for them. Everybody used to believe that their underwriting criteria was the "secret sauce" and they did not want to part with it.

Biz2Credit essentially has let the customer self-underwrite themselves and know what they are getting, why they are getting it, and how they can get better products.

CEOCFO: *Does the criteria change often for the different lenders?*

Mr. Arora: Small business lending is very macroeconomic-driven. Our monthly *Biz2Credit Small Business Lending Index* shows that after the "Great Recession" started, bank lending just dropped in 2010 and 2011. Banks were rejecting almost nine out of 10 borrowers. Now banks are coming back, but it is still not as good as it used to be prior to the recession.

The credit criteria keeps changing. I would say small business creditworthiness also keeps changing. The health of small businesses has definitely improved over the last two years, so a lot of them are much more creditworthy than they were a few years ago. What that means is they will qualify for better loans, lower rates, and longer terms than what they would have qualified a year or two year back. It is a combination of both the creditworthiness and financial health of business, as well as the lending criteria. That is a constant process, and it is never static. The next time it is going to change again is when the interest rates start going up, and then some of the criteria will be changing because more banks will start coming back.

CEOCFO: *You have a page on your site about helping people find the best financing available, and you have a ton of different options. Do most small businesses realize there is such a large arena that they might fall into? Are they surprised to see it right in front of them?*

Mr. Arora: That is a very good question because when we started the company our main philosophy is that for any business that wants to come to us, what we need to know is that they need money and for what they need the money for. We never wanted to burden them with was what is the best loan product for them.

Much of we have done is educational in nature because we want to make borrowers very aware even before they start the application process. Our promise to all our customers is that when you go through the application process, because our algorithms are extremely sophisticated and extremely smart, we will really help you get the right product. Then at the same point in time give you all the information up front if you want to go and check what product it means and how that product is best for you. During the whole loan process they do not have to worry about whether product A or B is the best financing option for me.

A lot of business owners ask us those questions, "If I am applying for the loan if they should take an SBA loan or a loan from Biz2Credit non-banking platform?" Based on their needs, criteria and financial health, they can see everything while completing the application. Our algorithm should be able to guide them and match them in a very precise way to the right product. From that point onward, our algorithms have the ability for them to go and close that loan for them.

The most important thing is not just information. I can tell you that you will qualify for an SBA product, but the actual challenge starts after that because then I have to get all the paperwork and do different things, and small businesses are busy people. For them, that is the most important aspect.

CEOCFO: *What have you learned over time?*

Mr. Arora: When we started there were no smartphones and people were still on laptops, so a lot of small business owners were still trying to go to their banks initially to start looking at loans and only then coming online. Today, mobile has become so prevalent. I was telling somebody yesterday that we launched a fully mobile site in early 2014, so what that means is that whatever you can do on your laptop you can do through your mobile. You can fill out your application and get your funding done through your mobile, and you can check your repayment data through mobile and everything else. What we are seeing is that more than 50 percent of our new users actually come from mobile.

What is evident is that the small business side has totally migrated from an offline search for credit to more online search. Initially, the people used to go online were the people who were more desperate for money or those who could not get loans from banks. Today, most credit-worthy customers actually prefer going online, searching for credit, and then will not do anything else after that. We have learned a lot about how to improve the customer experience.

With the changing demographics of the country, we have a fully integrated Spanish platform, and we do a lot of marketing to ethnic groups. A great example is that three years back we started a special program for women entrepreneurs. They are one of the fastest growing sub-segments in small business today, so we have seen a lot of change from being a monolith kind of small business piece.

There is a lot of diversification in the country today, and a lot more people are going online and need differentiated customer experience. Over the years, we have learned a lot and are implementing a lot of these changes on our platform every single day. What we really want to do for any small business owners who come to us is that it is not just credit. Credit is important, and you will get credit, but then what will you do after that? If you do not get credit, then what should you do to get the credit you need? It is a constant process and it does not stop.

Unlike home mortgages where you go buy a home and take a mortgage for the next \$15,000 a year even if you are not selling your home, you are not going to do much after that. In a business, it is a constant process because as your company grows you need more money. If a business is slow, you need money if you are looking to buy another place or start another location. There is a constant process. The challenge for us is also how we keep things fresh and easy for business owners and how we help them while they are growing their business so that things do not become over complex for them from a financial side. They can keep coming back to Biz2Credit and keep getting all the products and services that they need to keep growing their enterprises.

CEOCFO: Put this all together for our readers. Why choose Biz2Credit?

Mr. Arora: Any small business owner who is looking for financing should come to Biz2Credit for three reasons. One, we are the only online platform in the country that can provide you all kinds of loan products whether they are SBA loans, non-SBA loans, bank loans or non-bank loans. We have the best product sets and best pricing out there, and we are the only platform that provides free loan consultations with no obligations.

Secondly, we offer a free loan consultation, and are the only platform that gives you a free *BizAnalyzer* score, which is your "creditworthiness score." You can look at it, you can check it, and you can upload your cash flow analysis totally free. As a business owner, it is not just about credit. It is also about maintaining the creditworthiness of your business and improving it continually.

The third reason -- and the simplest reason -- is that we ourselves are small business owners. We know what it takes for you to build a company and run a small business, and we understand your pain. Being first generation immigrants, we also understand that if somebody is coming in who is not fully rooted in the U.S. credit culture, what it takes for them to succeed here and the challenges they face at any given point in time to get access to credit.

Interview conducted by: Lynn Fosse, Senior Editor, CEOCFO Magazine

For more information visit: www.biz2credit.com

Contact: Rohit Arora (800) 200-5678 (toll free) info@biz2credit.com
