



WEBINARS

CORPORATE
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Conquer Your Cash Flow: Using Data Science to Expose Risks in Your Customer Pool

Speakers:

- **Rich Lee**, Chief Risk Officer, LSQ
- **Adrienne Nelson**, Senior Director, CCWP, SIA

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June 25, 2019



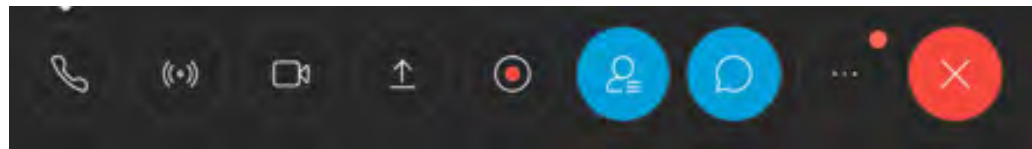
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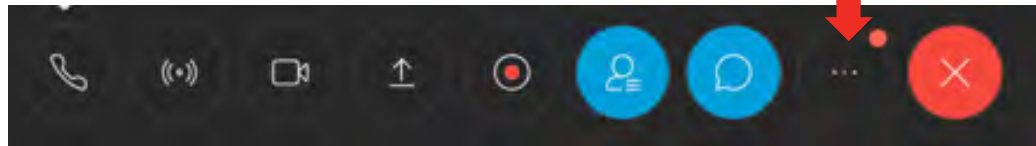
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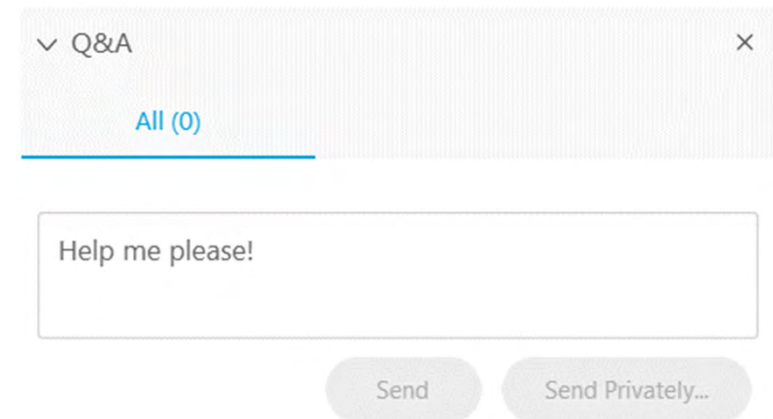
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Questions?

- Questions may be submitted at any time.
- Click on more **options** to open the Q&A window.



- Type your question into the small dialog box and click the Send Button.
- Slides with audio will be shared 48 hours after the webinar.



Our speakers today:



- **Rich Lee,**
Chief Risk Officer, LSQ



Moderator:

- **Adrienne Nelson,**
Senior Director, CCWP,
SIA



Common Client Terms of Payment



Key Findings:

- We asked survey participants, “What are your most common client payment terms, as defined in days payable from invoice date?” and “If you give a discount for early payment, what is the percentage discount?”
- The most common client payment terms as defined in days payable from invoice date was 30-60 days, cited by 48% of respondents. The next-most common was 15-30 days.
- Only 14% of staffing firms offer a discount for early payment. Of those, most offered a 1-2% discount.
- Staffing firms primarily offering finance/accounting staffing and those primarily serving the logistics industry had the strictest client payment terms as defined as days payable from invoice date
- Those primarily offering IT staffing and those serving the pharma/biotech industry had the least strict payment terms.

Source: North America Staffing Company Survey 2018 & Cumulative Index to 2009-2017 Surveys

The logo consists of the lowercase letters 'lsq' in a bold, white, sans-serif font, centered on a solid black square background.

Using Data to Expose Risks in Your Customer Pool

About Us

- **In business for 20+ years**
- **Financing B2B invoices across various industries**
- **Technology + Data driven platform**

Data at LSQ

\$21B

FUNDING DELIVERED

8M

INVOICES PURCHASED

130K

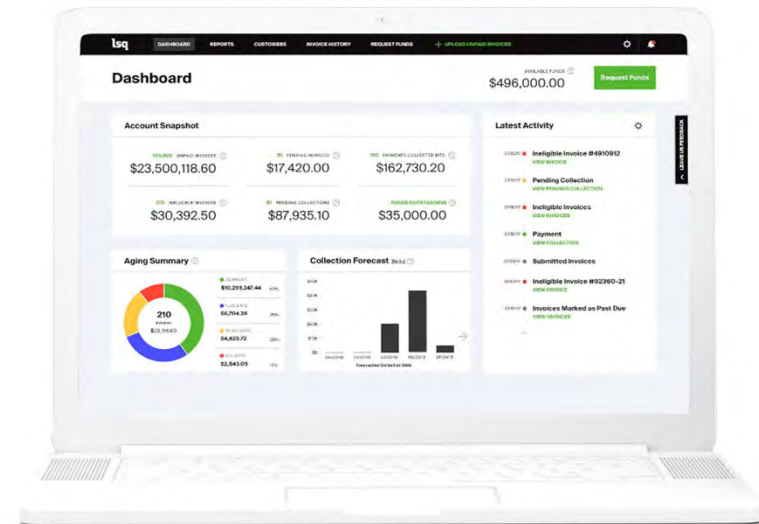
UNIQUE BUSINESSES

Technology + Data

→ A/R management tool

→ Credit engine

→ Engineering + Data Team



Why Is This Important?

- **Current credit cycle**
- **Customer credit strength**
- **Quality of revenue**

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Traditional Forms of Credit Analysis

How Do You Assess a Customer's Financial Strength?

- Financial statements?
- Third party data providers?
- I don't assess credit—sales trumps risk

Financial Statements

- **How often do you collect financial statements from your customers?**
- **Do you have credit analysts who can interpret those financial statements?**

Financial Statements

E-Commerce Retailer

	Revenue	Gross Profit	Net Income
Year 1	90B	26B	(240M)
Year 2	107B	35B	600M

Do you feel comfortable with their financial strength?

Financial Statements

Automobile OEM

	Revenue	Gross Profit	Net Income
Year 1	12B	2.2B	(2.2B)
Year 2	22B	4.0B	(1.1B)

**Do you feel comfortable with their
financial strength?**

Financial Statements

Technology Company

	Revenue	Gross Profit	Net Income
Year 1	7.9B	2.4B	(4.0B)
Year 2	11B	4.1B	0.9B

Do you feel comfortable with their financial strength?

Financial Statements

E-Commerce Distributor

	Revenue	Gross Profit	Net Income
Year 1	36M	23M	1.4M
Year 2	53M	36M	2.2M

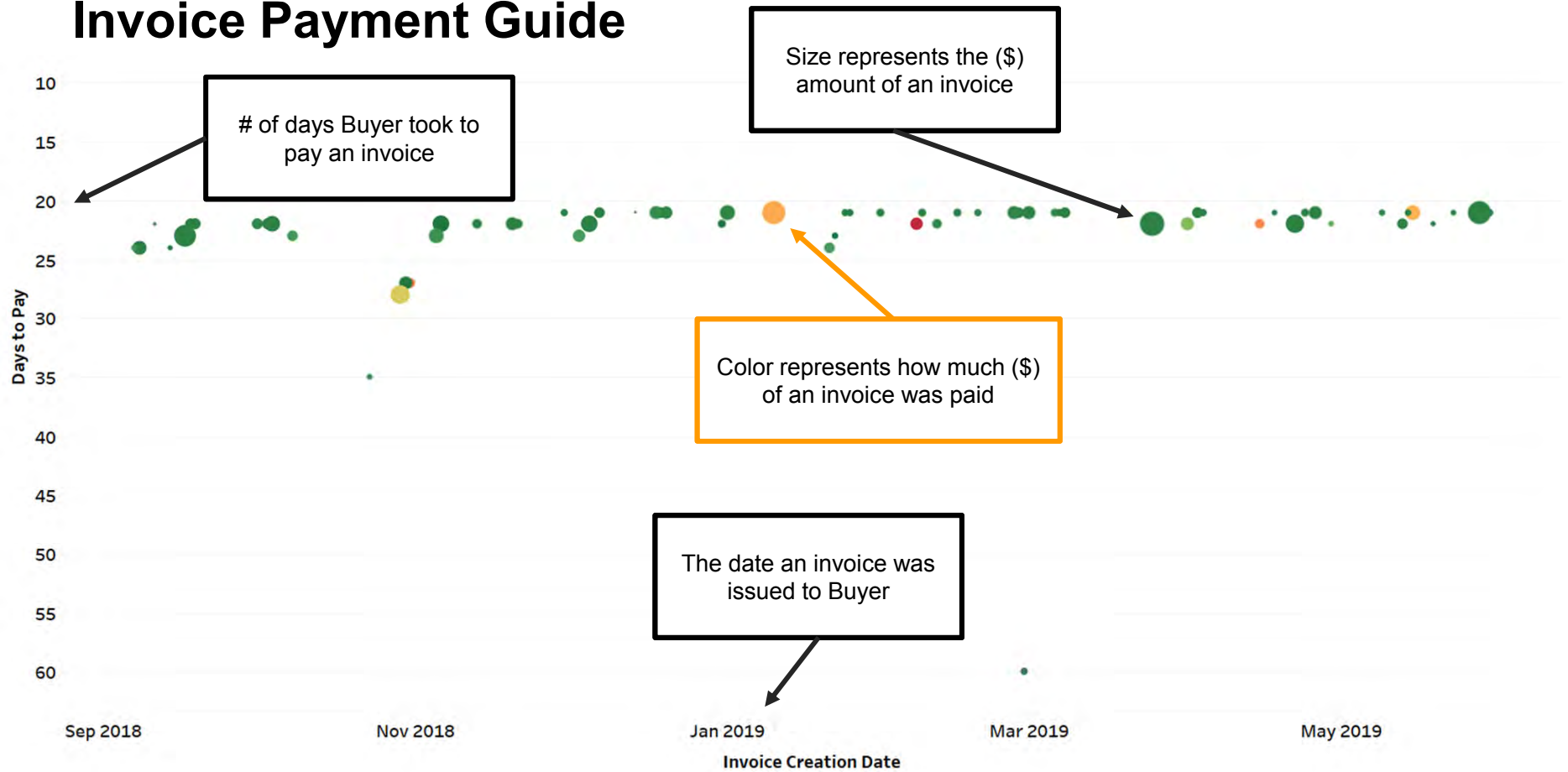
Do you feel comfortable with their financial strength?

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Signal Value in A/R

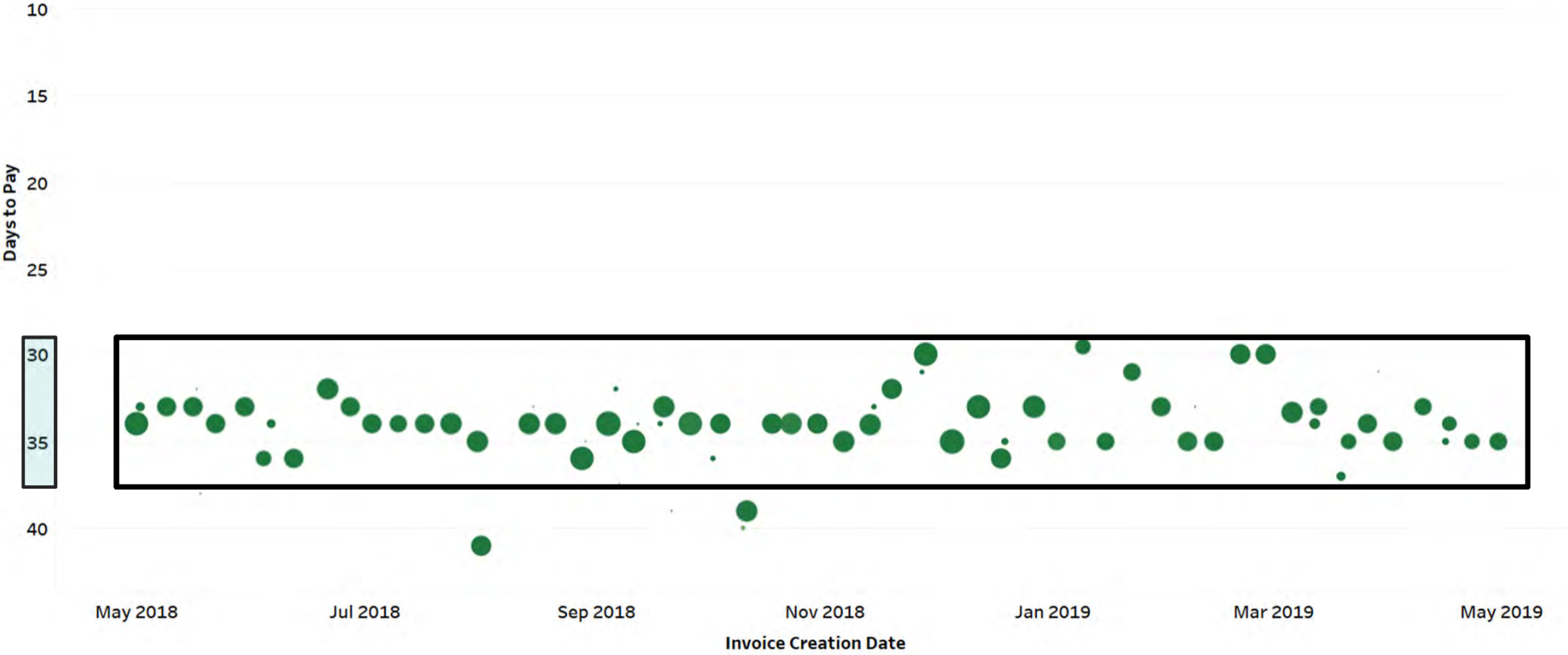
Do you analyze your A/R data?

Invoice Payment Guide



Normal Payment Behavior

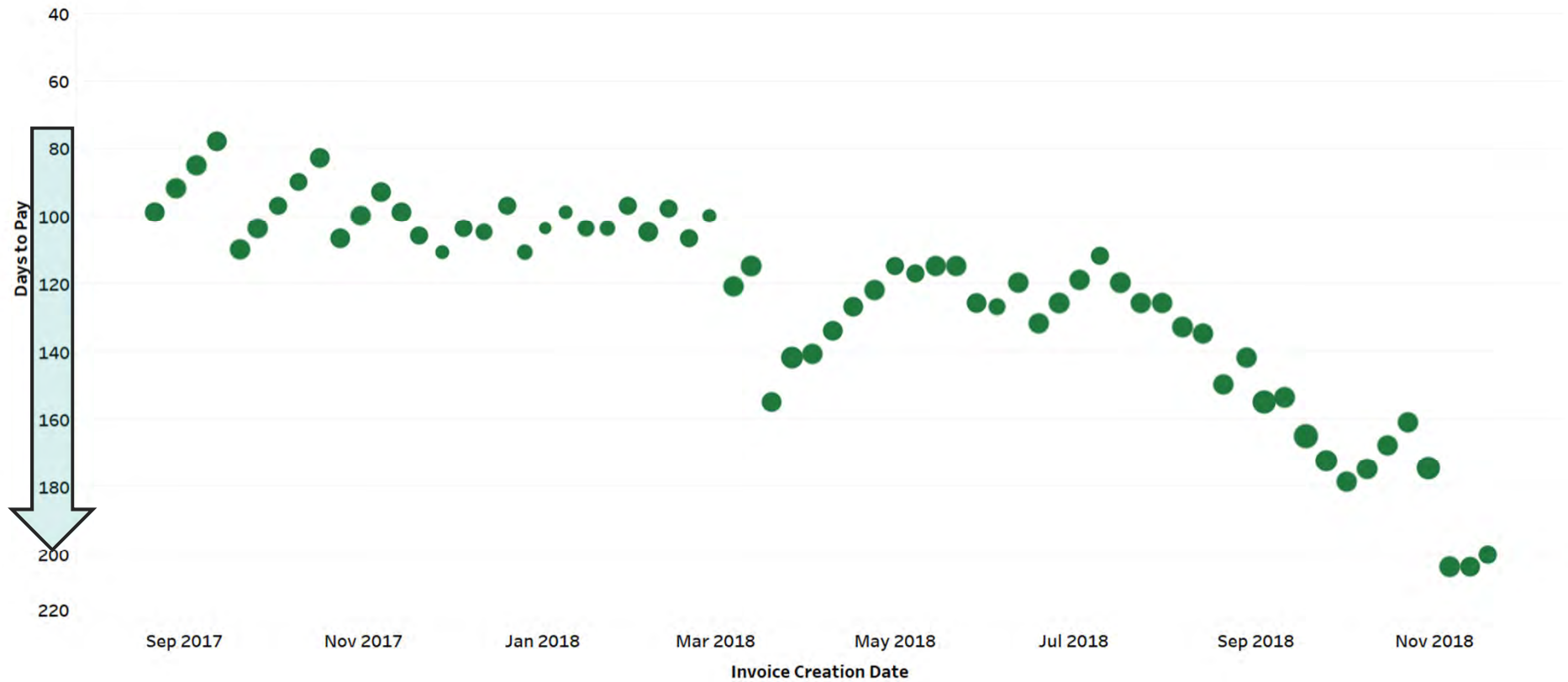
Normal Behavior



Slow Payments

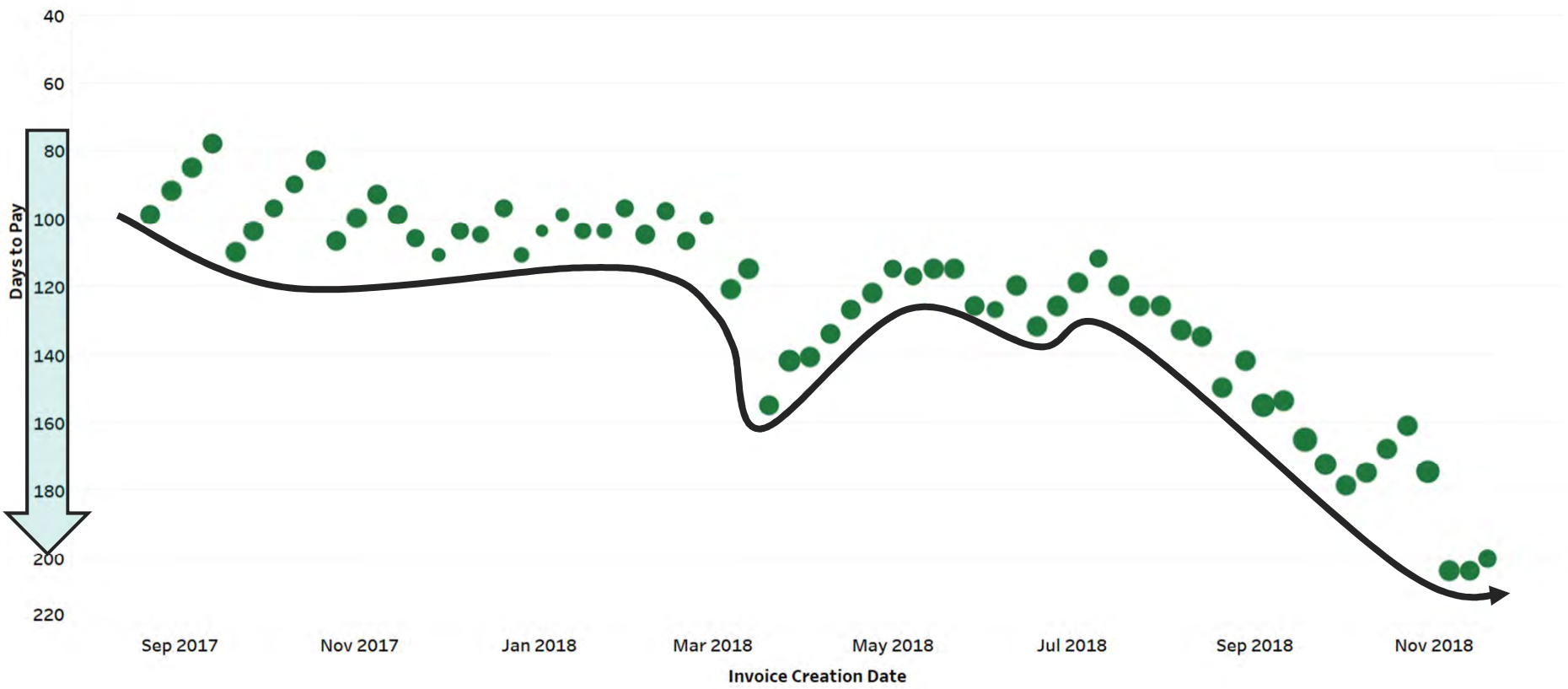
Slow Payments

Payor Industry: Construction



Slow Payments

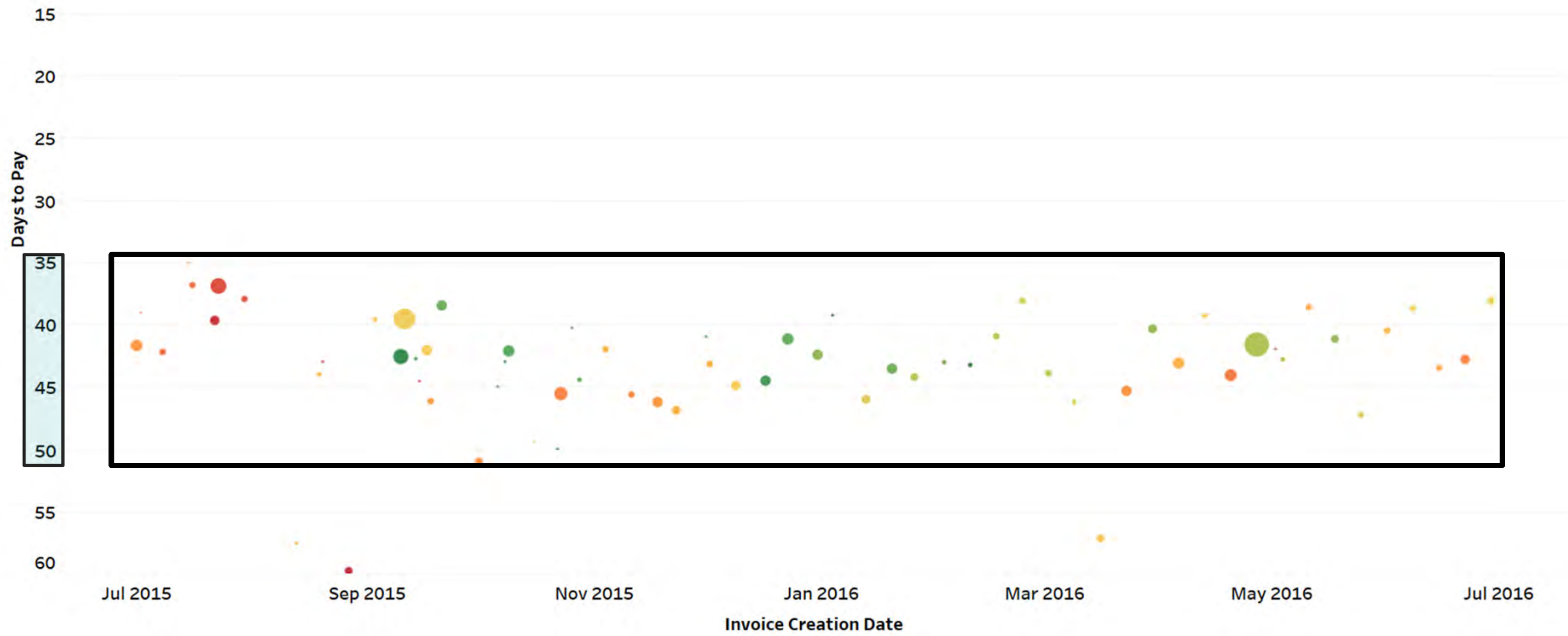
Payor Industry: Construction



Invoice Discounts / Dilution

Invoice Dilution

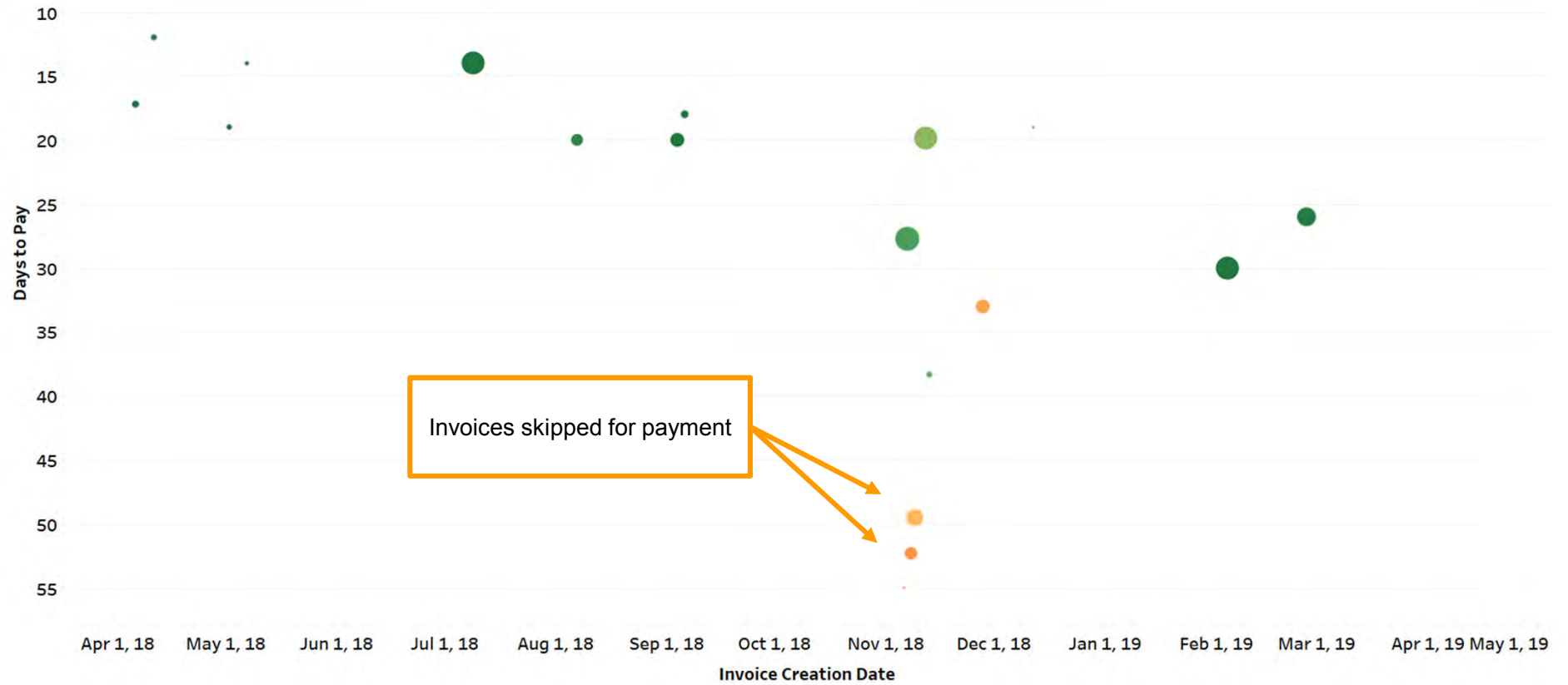
Payor Industry: Retail



Skipped Invoices

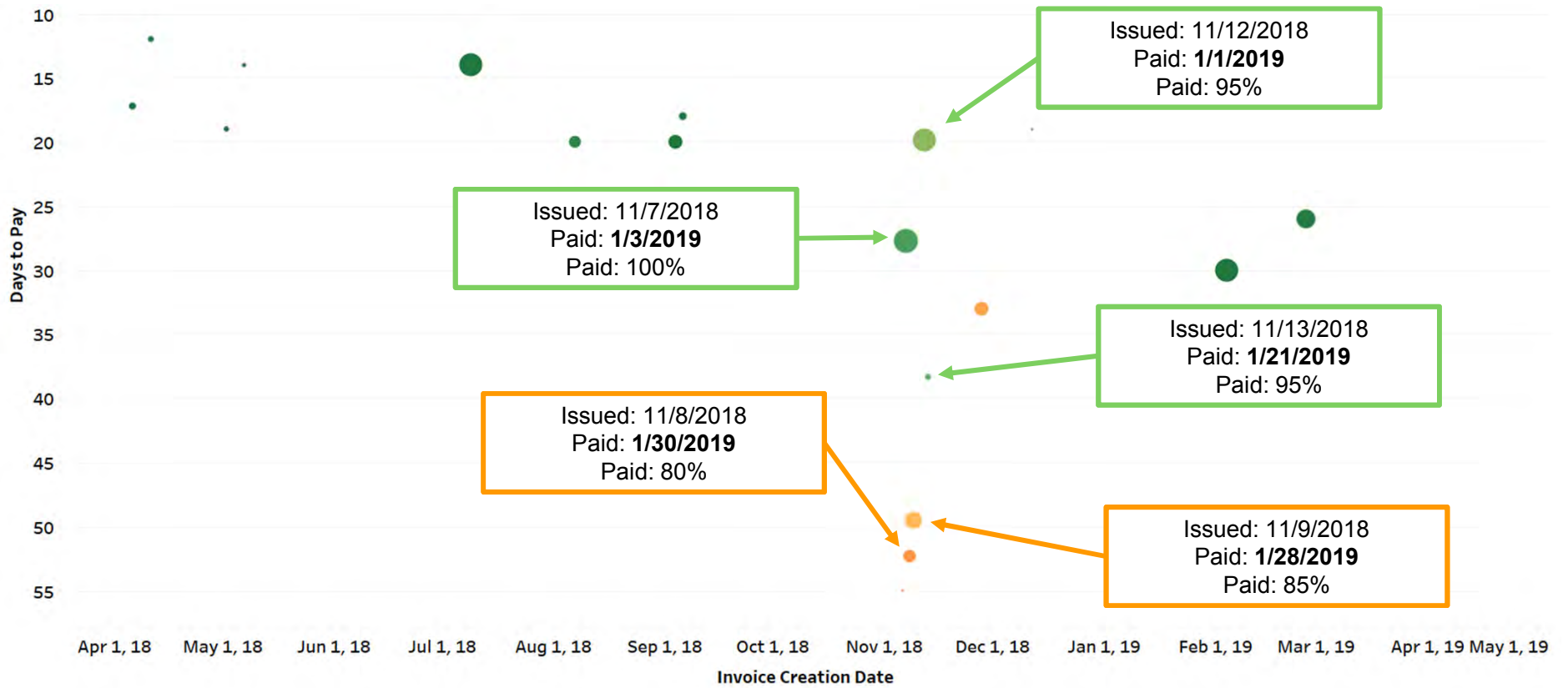
Skipped Invoices

Payor Industry: Retail



Skipped Invoices

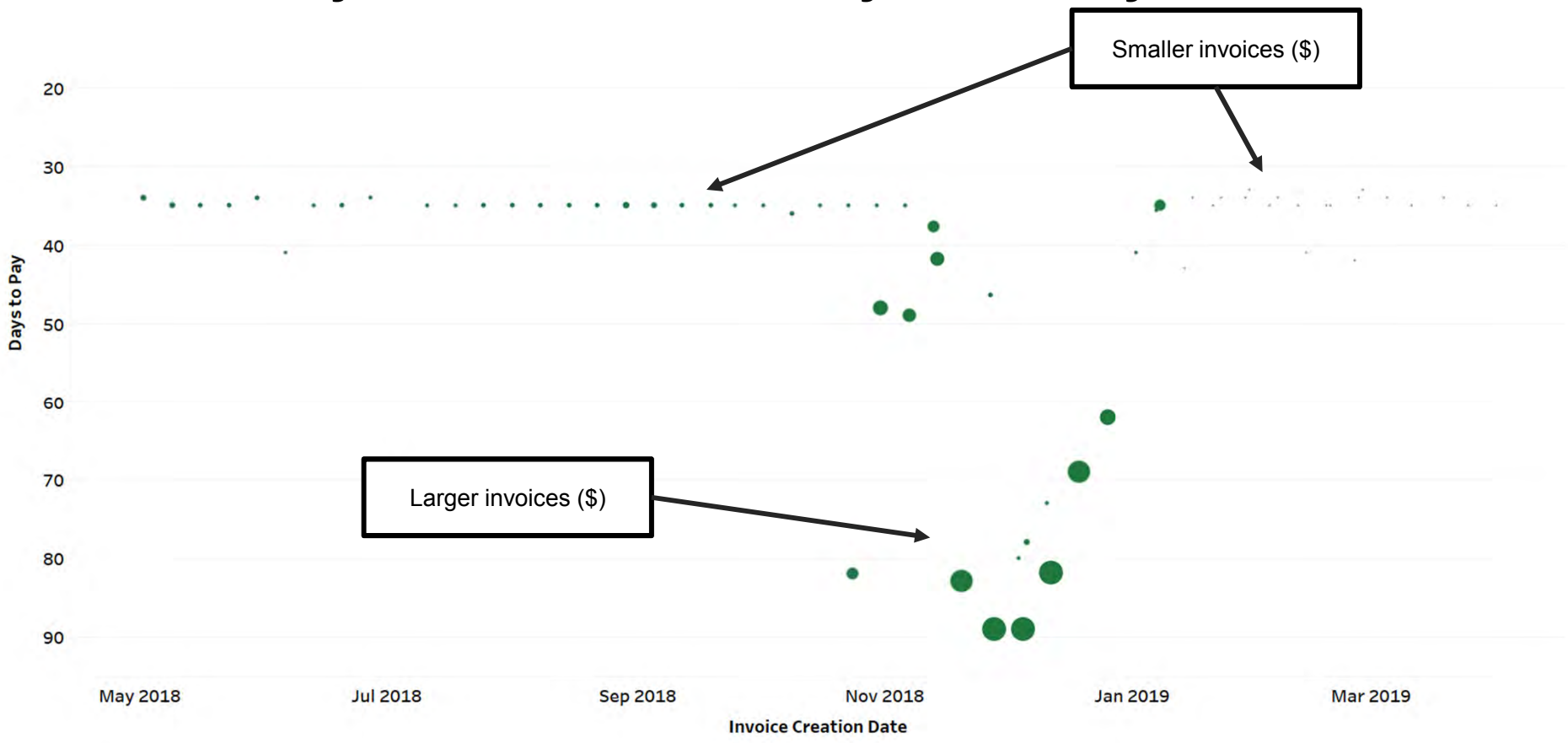
Payor Industry: Retail



Small vs. Large Invoices

Behavior by Invoice Size

Payor Industry: Retail



Batch Invoice Payments

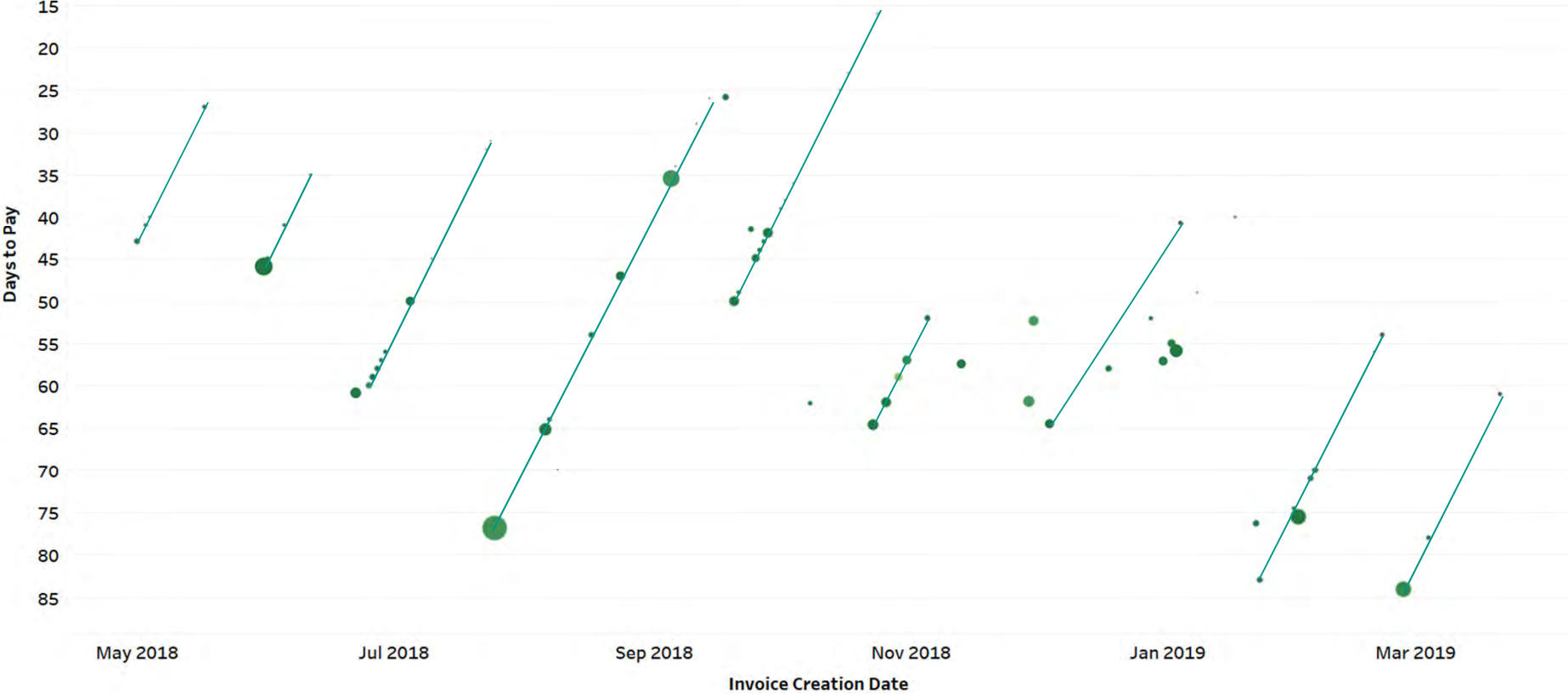
Graph Key

Line Length: How frequently payments are submitted for open invoices

Line Trend: Amount of time it takes to receive another payment

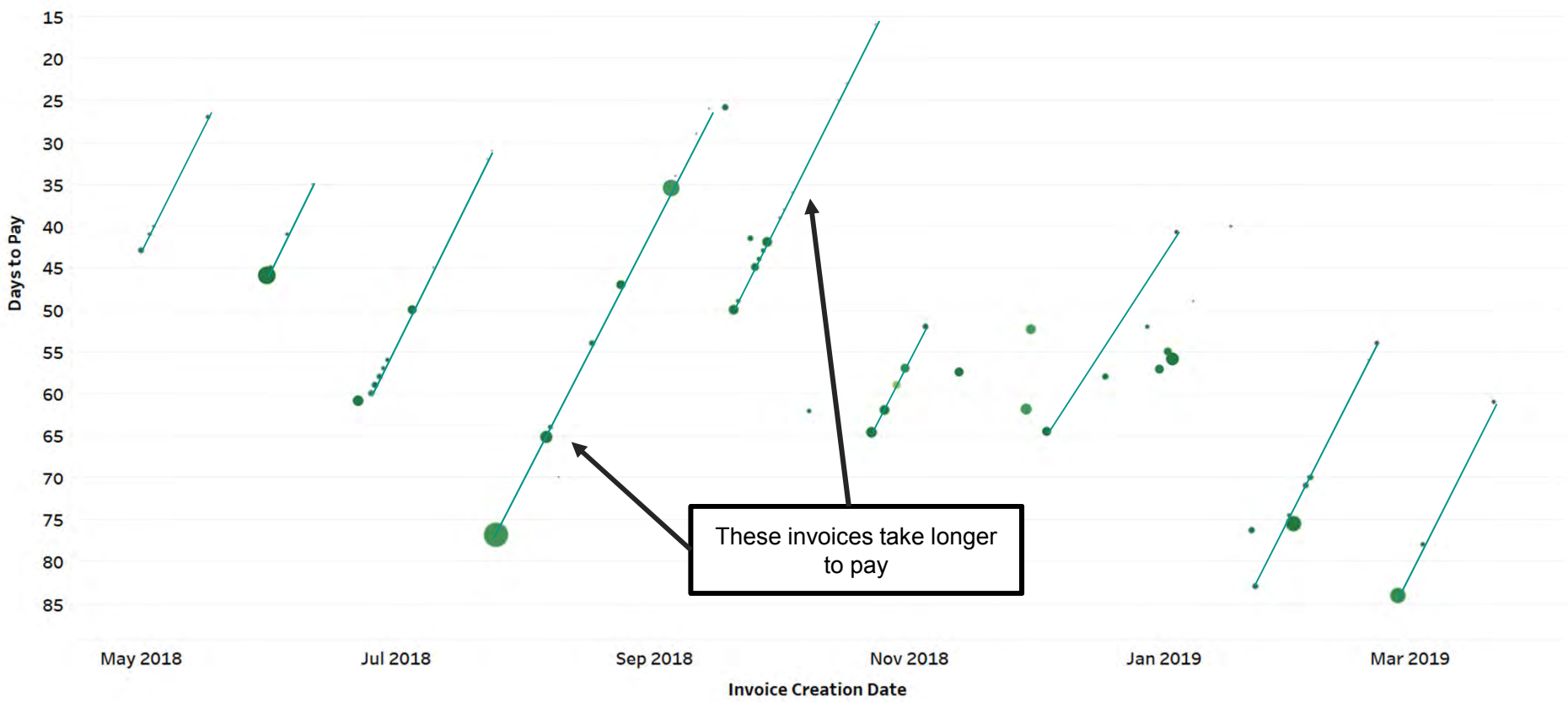
Batch Payments

Payor Industry: IT Services



Batch Payments

Payor Industry: IT Services



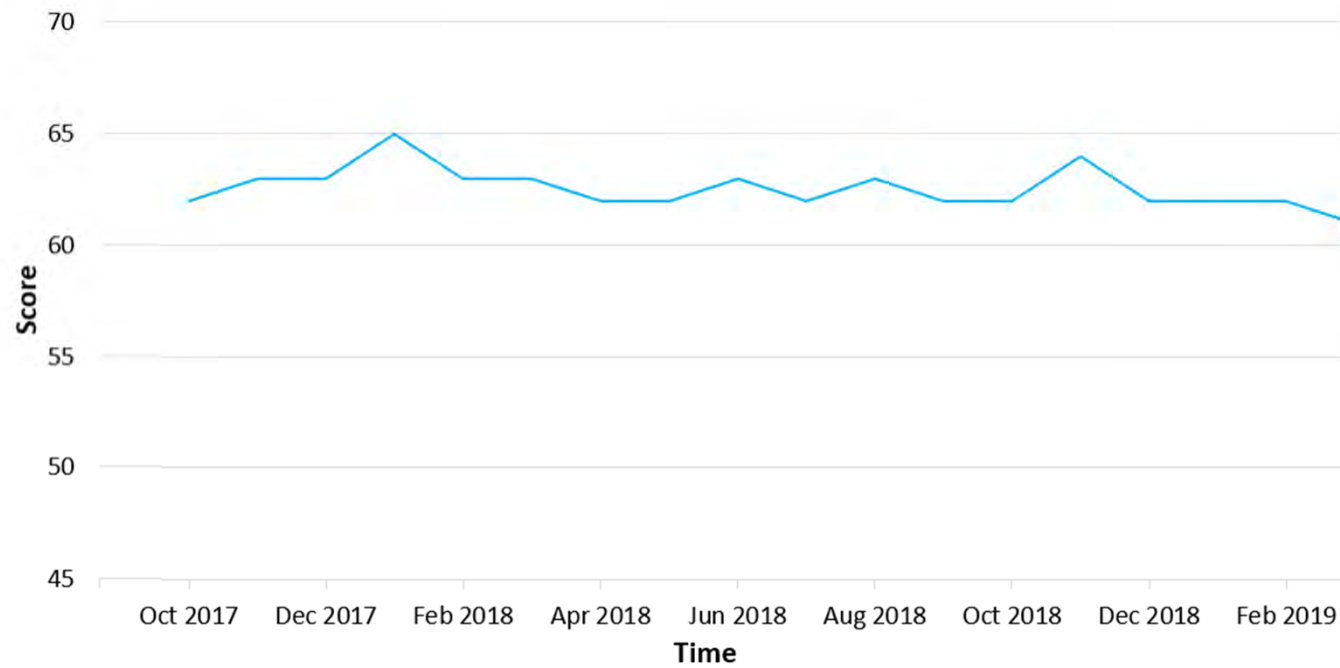
Building a Mosaic

Financial Statements

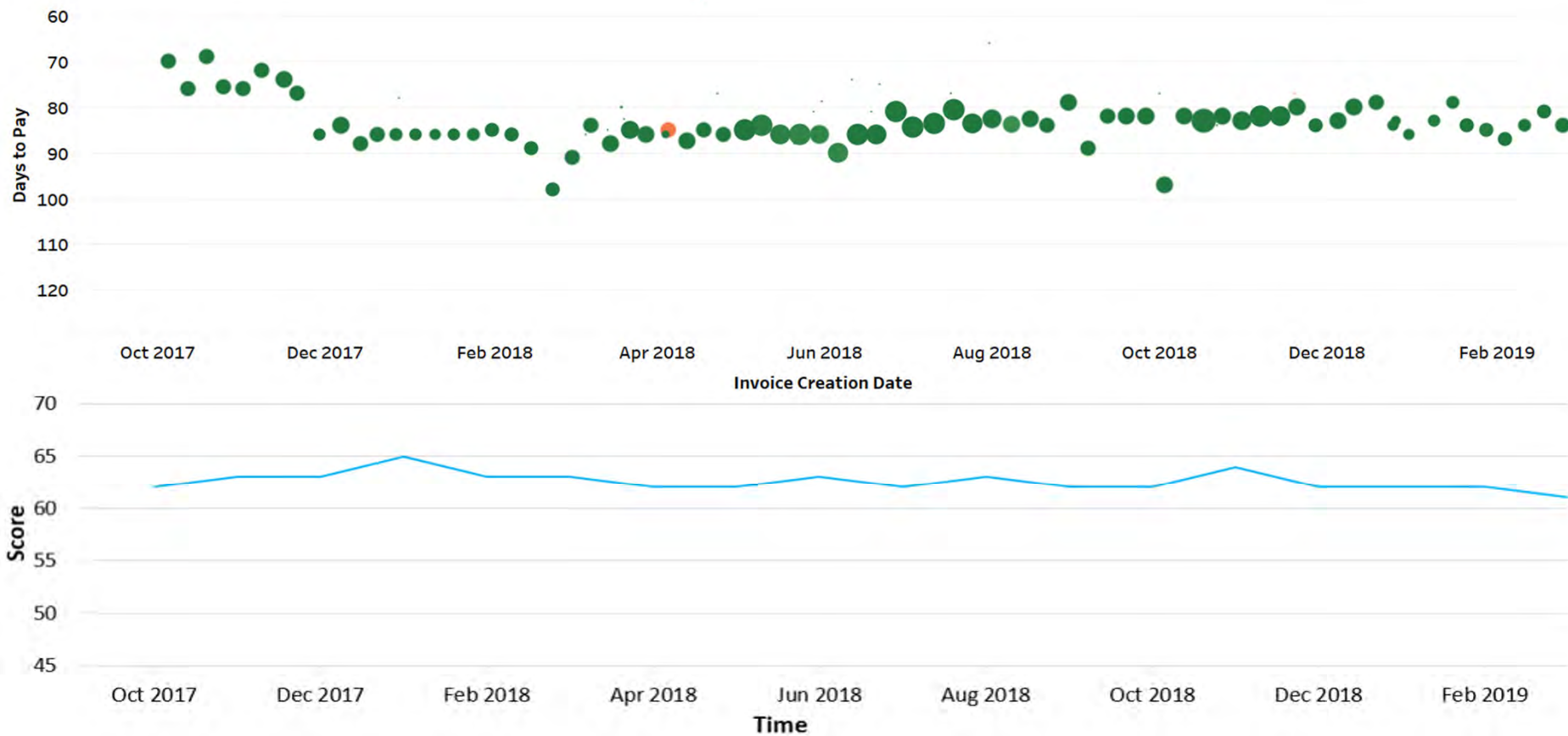
Customer: E-Commerce Distributor

	Revenue	Gross Profit	Net Income
Year 1	36M	23M	1.4M
Year 2	53M	36M	2.2M

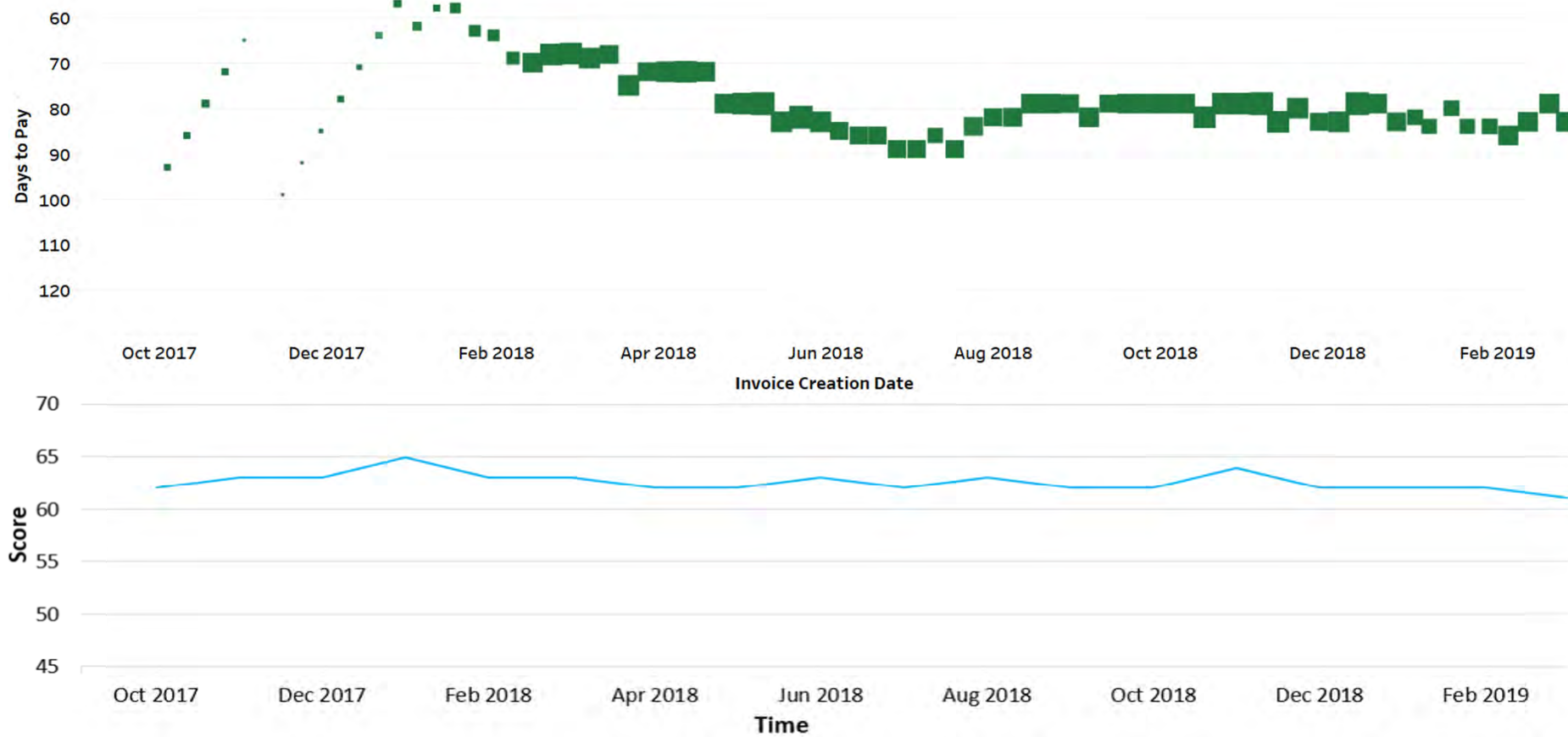
Third Party Data - E-Commerce Distributor



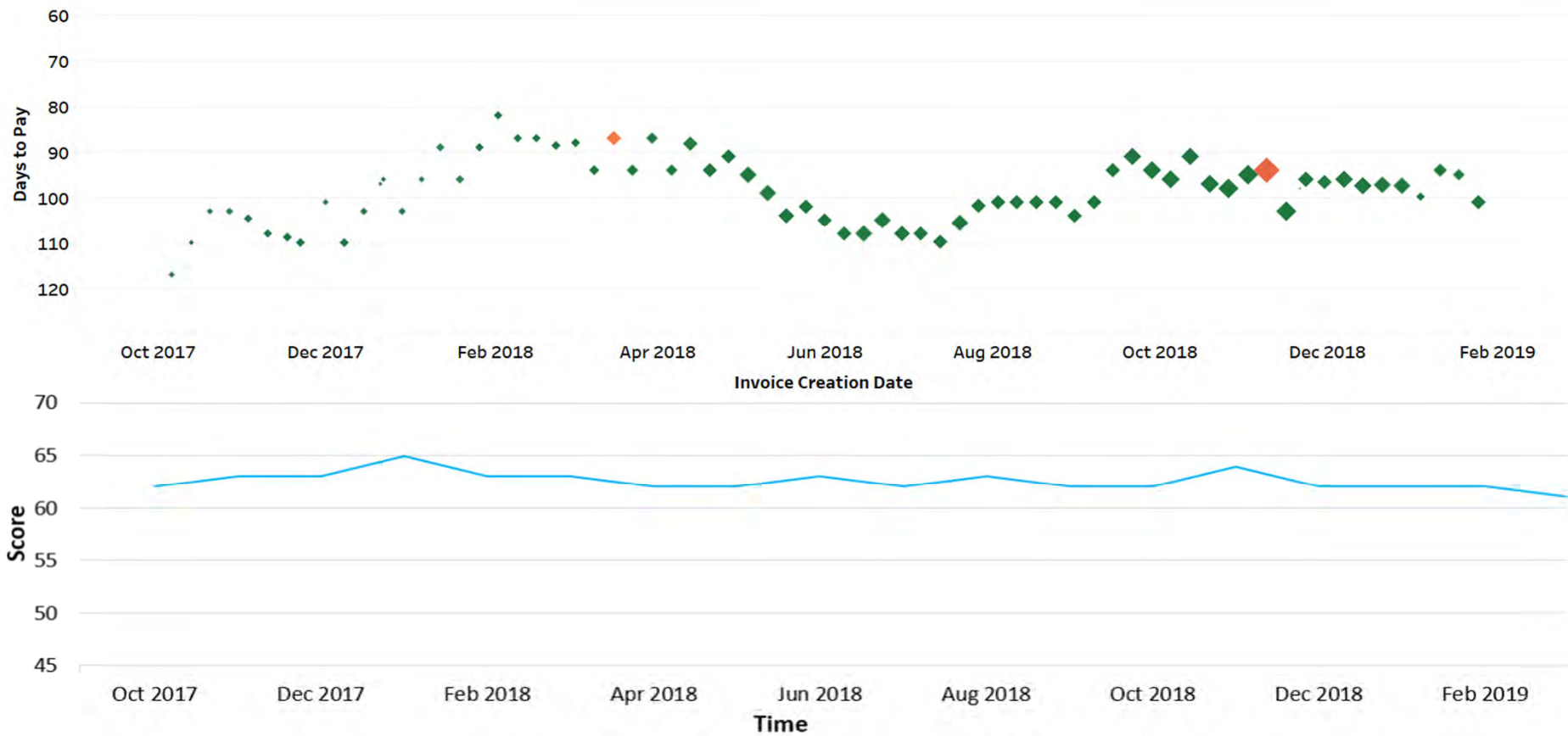
E-Commerce Distributor - Staffing Vendor 1



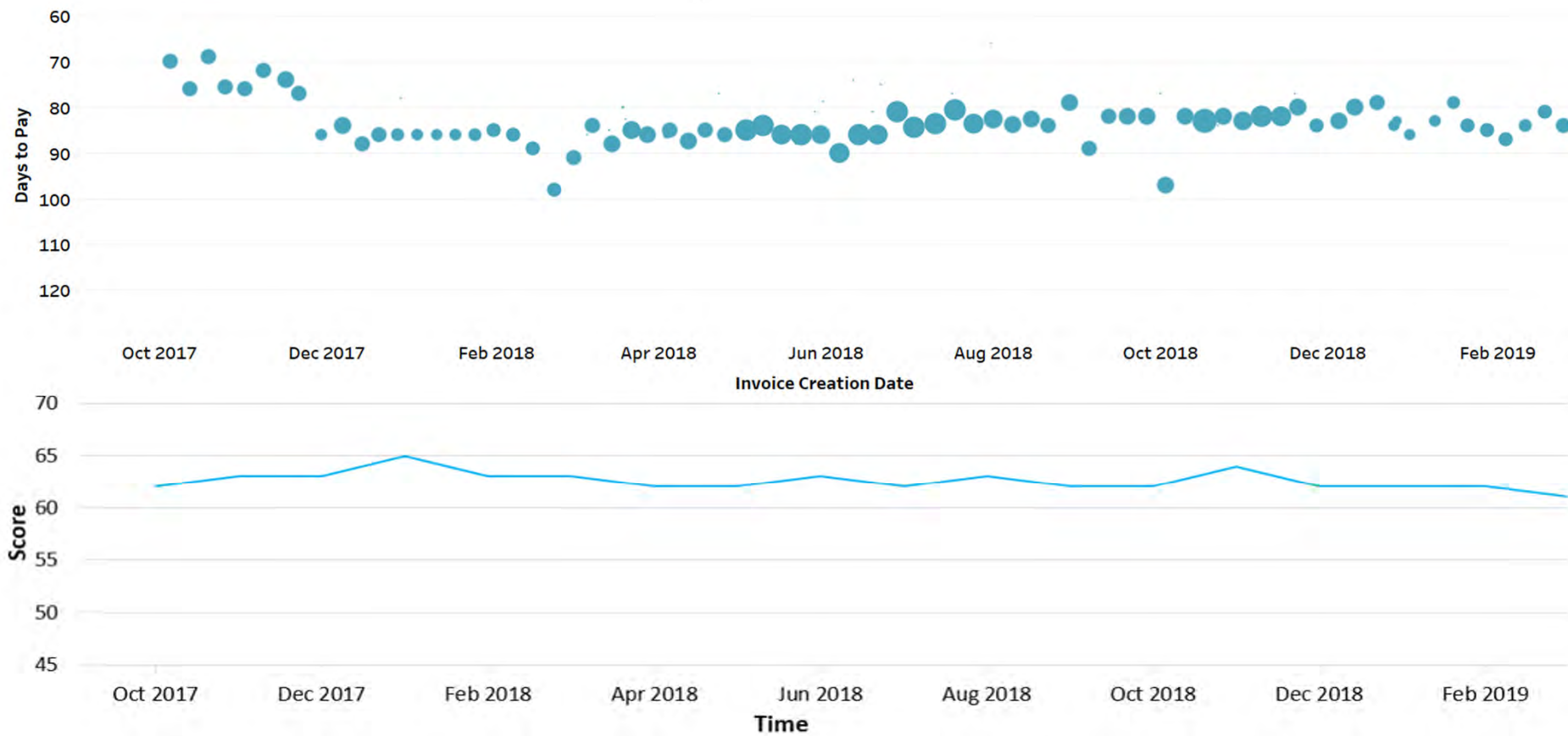
E-Commerce Distributor - Staffing Vendor 2



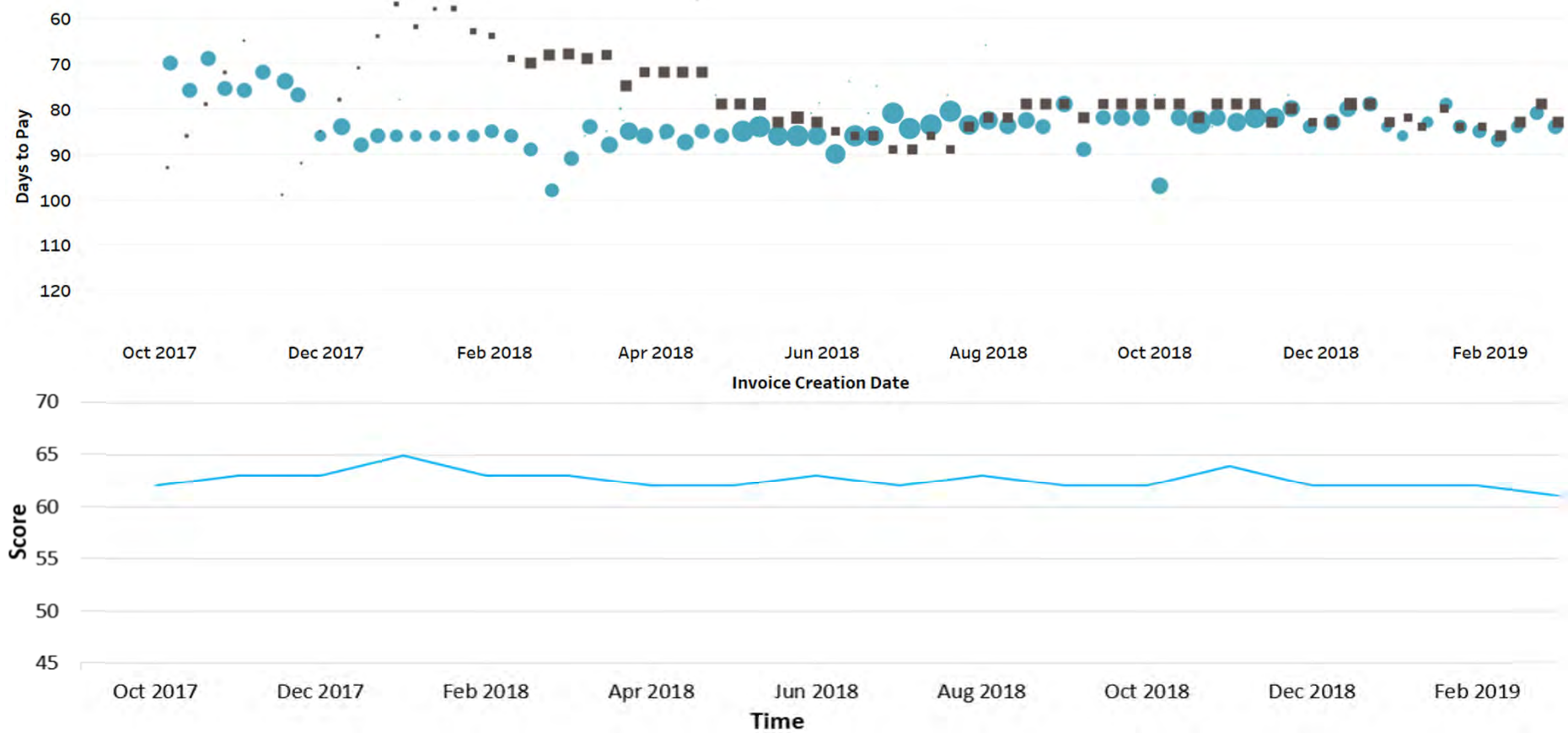
E-Commerce Distributor - Staffing Vendor 3



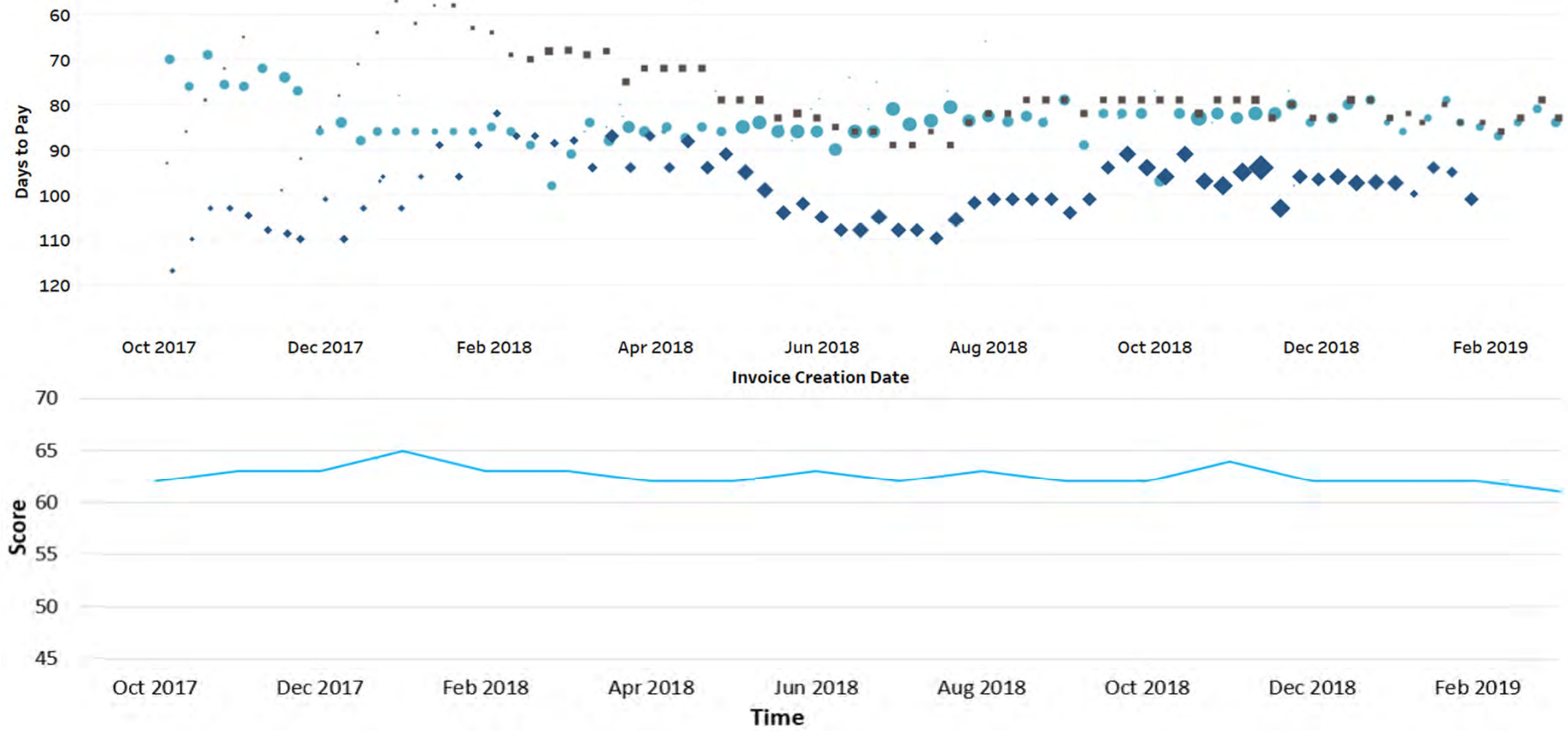
E-Commerce Distributor - Staffing Vendor 1



E-Commerce Distributor - Staffing Vendor 1 + 2



E-Commerce Distributor - Staffing Vendor 1 + 2 + 3



Key Takeaways

- ✓ **Start with financial statements**
- ✓ **If a signal appears, start the conversation with your customer**
- ✓ **Grow your business with financially stable customers**

Learn More...

www.lsq.com

Contact Us

Email us at info@lsq.com

Or call [\(800\) 474-7606](tel:(800)474-7606)

The logo for lsq, featuring the lowercase letters 'lsq' in a bold, white, sans-serif font. The 'l' is tall and thin, the 's' is rounded and connected to the 'q', and the 'q' has a small tail. The logo is centered on a dark gray rectangular background.

Time for Your Questions...



SIA Resources for Corporate Members



- [North America Staffing Company Survey 2018: Full Report](#)
- [Gross Margin and Bill Rate Trends - August 2018 Update](#)
- [Word of the week: Days Sales Outstanding](#)
- [The Role of Finance in a Staffing Firm's Strategic Planning](#)

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January 8	Staffing Industry Report Webinar (AMERICAS) – Archived
January 22	How Marketplace Technology Helps You Engage the Next Generation of Workers (AMERICAS) – Archived
February 12	5 Tips to Help You Hire Smarter and Adapt to Win in 2019 (AMERICAS) – Archived
February 20	Staffing Industry Report Webinar (EMEA) – Archived
March 12	Staffing Industry Report Webinar (AMERICAS) – Archived
April 16	“Can You Text It To Me?” How Text Messaging Candidates Will Transform Your Business (AMERICAS) – Archived
May 1	Staffing Industry Report Webinar (APAC) – Archived
May 7	Staffing Industry Report Webinar (AMERICAS) – Archived

May 21	Preparing Your Staffing Company for a World with AI (AMERICAS) – Archived
June 4	How Staffing Agencies Can Open Up New Talent Pools Through Diversity & Inclusion (AMERICAS)
June 19	Staffing Industry Report Webinar (EMEA)
June 25	Conquer Your Cash Flow: Using Data Science to Expose Risks in Your Customer Pool (AMERICAS)
July 9	Staffing Industry Report Webinar (AMERICAS)
August 21	Staffing Industry Report Webinar (APAC)
August 27	Staffing Thought Leader Webinar (AMERICAS)
September 17	Staffing Industry Report Webinar (AMERICAS)
October 8	Staffing Thought Leader Webinar (AMERICAS)
October 15	Staffing Industry Report Webinar (EMEA)
November 12	Staffing Industry Report Webinar (AMERICAS)
December 3	Staffing Thought Leader Webinar (AMERICAS)



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- A replay of the webinar will be available for Corporate Members at www.staffingindustry.com.








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