Intro to CONSOLFREIGHT

ConsolFreight is a collaborative ecosystem that integrates freight forwarders, financial institutions, buyers, sellers and insurers on a single platform. The platform leverages the decentralized nature of Blockchain and the use of smart contracts to give SMEs the services, scale and financing terms that only large companies enjoy

ConsolFreight in numbers

- Created in **2016**
- Presence in **3 countries** (USA, Spain and Ireland)
- Founders have a combined experience of **50+ years** in the logistics, supply chain, shipping industry and supply chain finance
- More than a 1MM USD placed this financial year

Our Products and Services

- Logistics Network (Forward Together)
- Freight Invoice Finance (CFactoring)
- Trade Finance (Trade Forward)
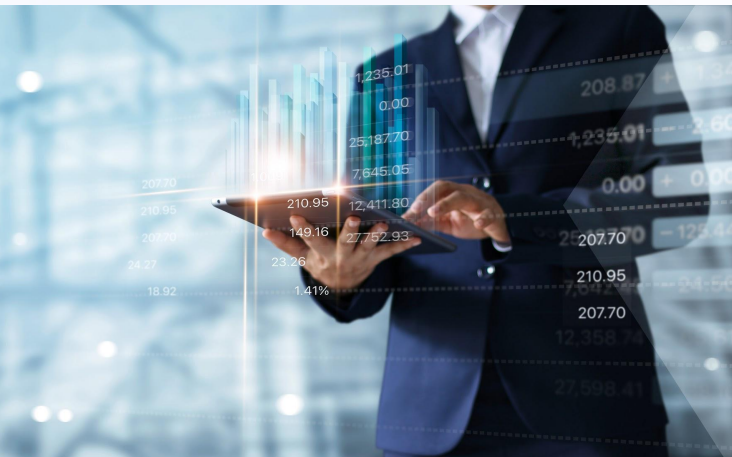
Our vision is...

To digitalise the procurement of liquidity for the logistics industry and international trade.

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Current Situation: International Trade

The current economic situation (Covid, tradewars, etc) has brought a different perspective to how International Trade transactions are conducted. These changes have presented issues to importers and exporters worldwide.

Price volatility and change in trading terms:

As demand of critical product raised, price fluctuation increased. Furthermore, companies changed trading terms with existing partners to mitigate risk; affecting the liquidity of importers and in many cases reduction in importing volumes

Lack of trust between parties and scams:

Market diversification was an initiative taken by many companies, but it is never easy to start trading with a new partner. Many importers get caught by sophisticated scam syndicates losing capital

Limited access to liquidity:

Trade Finance has been impacted as banks have pulled out of the market or increased barriers of entry. Companies that got access to L/Cs were not able to execute them due to changes in trading terms

Our Trade Finance Solution
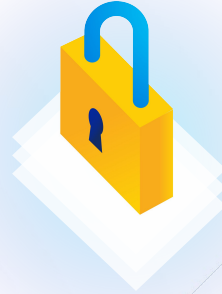
TRADE FORWARD
BY **CONSOLFREIGHT**

A collaborative ecosystem that redistributes the risk associated to the trade finance process, using the cargo transported as a collateral diminishing the barriers of entry for SMEs and developing countries

Trade Forward Benefits

Access to liquidity using:

Companies will be able to access liquidity and set deals that normally, get stuck on payment terms. In today's environment shippers request full payment before facility departure. This is hard to meet even if a Letter of credit has been provided as the bank requires a document of exchange in order to pay
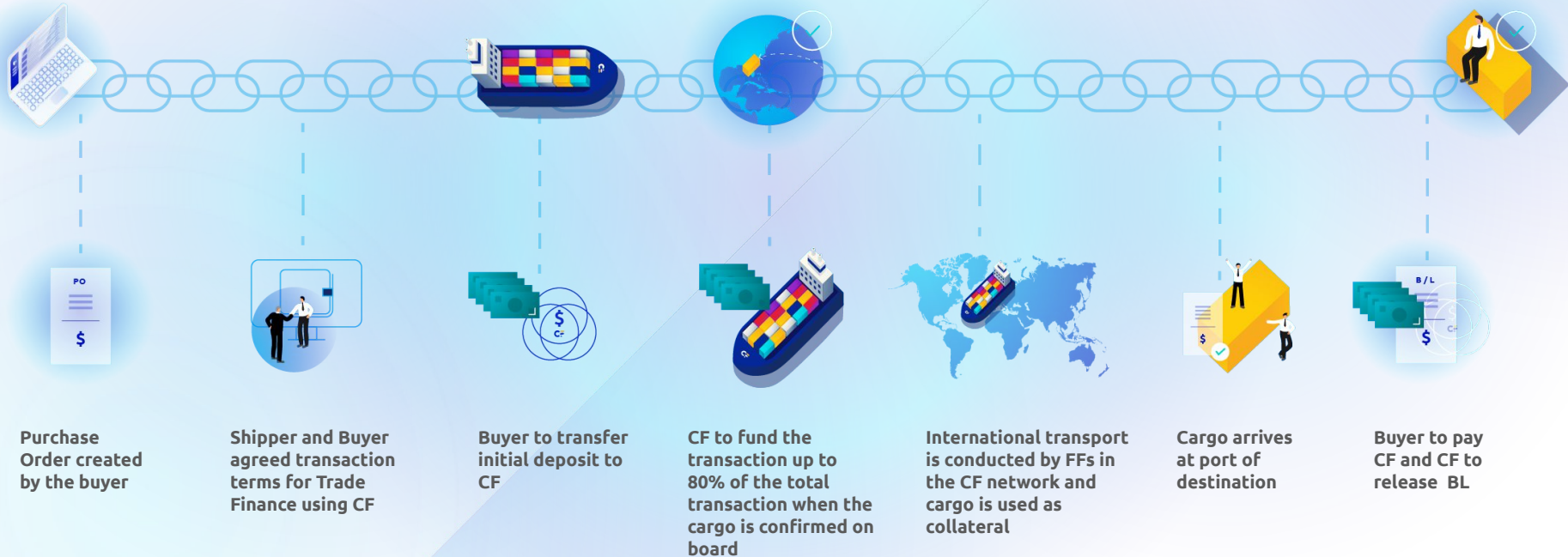
Secured Transactions:

Buyers without the need of liquidity can benefit from Trade Forward in terms of security. With TradeWars escalating, many buyers have been forced to find suppliers in new markets, but building trust and between the parties takes time. Our service validates that the intended goods are loaded into containers before a full payment is made to the shipper

Generate free cash flow:

Through the Trade Forward protocol, international traders will be able to find and put to better use additional cash flow hidden on their balance sheet. Free your capital and put it to work where it is best employed.

How does it work?

Purchase Order created by the buyer

Shipper and Buyer agreed transaction terms for Trade Finance using CF

Buyer to transfer initial deposit to CF

CF to fund the transaction up to 80% of the total transaction when the cargo is confirmed on board

International transport is conducted by FFs in the CF network and cargo is used as collateral

Cargo arrives at port of destination

Buyer to pay CF and CF to release BL

BUSINESS CASE :

EL COURIER

Capital Needed For Business Development:

As the demand for sustainable mobility increased, **El Courier** identified a business opportunity that required them to purchase electric motorcycles in China to help them pursue their goal. However, **the manufacturer required the order to be paid before departure, not allowing L/C to be executed.**

BUSINESS CASE : EL COURIER

Trade Finance Solution:

➜ El Courier approached ConsolFreight through the **Forward Together Network** members.

➜ Security, inspection and credit measures were taken along with the cooperation of trusted freight forwarders, and the process started.

➜ El Courier deposited 20% of the amount needed for the transaction.

➜ ConsolFreight then financed the transaction to allow El Courier to move forward with this business opportunity .

➜ Cargo arrived to the final destination where the receiving forwarder moved it to their bonded warehouse. Once at destination, the transaction had shifted from the Trade Finance to Inventory Finance, where El Courier was able to sell the motorcycle to their clients and pay as orders were received.

BUSINESS CASE:

Need for capital to provide advanced payments:

Bau Developers is a company dedicated to the construction of new residences in Panama. Although they have a bank financing the land purchase and the construction through letters of credit, they had issues with several purchases that the sellers did not accept Letters of Credit and demanded payment before the goods were transported.

BUSINESS CASE:

Trade Finance Solution:

➔ Understanding the challenges, a large freight forwarding business in Panamá initiated the transaction for Bau Developers

➔ They contacted ConsolFreight for a solution.

➔ Recommendations and due diligence were conducted to ensure security of the transaction.

➔ Financial terms were agreed upon.

➔ After various email exchanges, a discrepancy was identified. The email account of the manufacturer had been hacked and a there was a risk for a scam.

➔ The security measures implemented by ConsolFreight were able to identify the issue, contact the person in charge and continue the transaction in a safe environment.

➔ Once the cargo was loaded and clean on board, The origin freight forwarder was able to issue a Bill of exchange (B/L) so Bau Developers were able to open a Letter of credit to ConsolFreight to settle the payment.

Thank you!

Any questions?

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