

WebFinance

The Electronic Evolution of Financial Services

PUBLISHED BY SECURITIES DATA PUBLISHING, A THOMSON FINANCIAL COMPANY

VOL. 4, NO. 6 • MARCH 13, 2000

FINANCING

Oinke.com Finds the Web Ideal for Small Business Financing

Small businesses in need of financing have a new source of funds, a business-to-lender Web-based auction market with an unusual name: **Oinke.com**, pronounced "oinky." Aimed at businesses with at least 10 employees and \$1 million in sales, Oinke.com brings together borrowers and lenders on transactions between \$500,000 and \$500 million.

Oinke.com's target market consisted of approximately 500,000 loan transactions totaling \$672 billion in 1996, according to the most recent **Small Business Administration** statistics supplied by the company. The average loan size is \$1 million.

The company's name was supplied by CEO **Tom Markel's** youngest son. Told that the company would save people time and money "when they use our site to help them find money to run their business," he asked where they would put the savings. Markel said, "In their piggy bank." His son said, "Then you should name your new company Oinke."

"We believe we are—and we haven't seen anything to prove that we are not—the very first live, fully Web-enabled auction engine for commercial real estate and business owners for the procurement of debt financing for their businesses or their property, or for the acquisition of businesses and property," said Markel. Comparable sites are either posting engines or an electronic front end for a broker's back end, he said.

Chase, Finova, Equitable, Allied Capital, GMAC Commercial Mortgage, Aetna Capital, Manulife, Bank One, Heller Financial and Canada Life are among the lenders participating in Oinke.com, Markel said. Community banks, insurance companies and finance companies also participate. Since the site was launched in mid-February, loan requests worth \$200 million have been posted. "Fifteen came in over the

weekend, nine last week and we're doing about two a day. They range from \$500,000 to about \$42 million," Markel said.

Many aspects of Oinke.com are free to both borrowers and lenders. Lenders pay 1/4 point at closing. "It's a success-based license fee," said Markel. "This is what the Net is all about: direct and no cost."

Oinke.com offers borrowers security and anonymity. Required documentation is uploaded, stored with Oinke.com and posted on the site with identifying information removed.

Though it might seem counterintuitive to bid on a loan without knowing the name of a potential borrower, **Rick Tysdal**, senior vice president of marketing at Oinke.com, said lenders can make a decision without that fact. "They have enough information to determine if it's the kind of business they lend to: the people are qualified, they're in the business they say they're in. After the borrower and the borrower's company are surfaced, the lender then does due diligence," he said.

Randy MacDougall, vice president at mortgage banker **Dwyer-Curlett Inc.**, agreed, though he had some questions about how the process will work out. "We're touch-feely, so it's hard to look at something where you're given just the objective data," he said. "It's subject to a lot of due diligence. We don't like to do business like that, but I don't know how you avoid that when the borrower puts up the information it wants to."

Borrowers can choose from among the participating lenders, which make up a larger pool than they would normally contact. Lenders also have more applicants from which to choose. MacDougall said his company is using Oinke.com to "supplement our business with people who aren't on the radar screen. If I'm introduced through Oinke or a real estate broker it's no different as long as I can get a viable loan out of it."

Scanning documentation offers advantages to both lenders and borrowers. "No longer does the lender have to go onsite, saving enormous amounts of time," Markel said. Oinke3D, for digital due diligence, "gives the lender a picture of the borrower right from the comfort of their office."

There are still reasons for lenders to visit borrowers, should they choose to. "That lender is not only going to want to make that loan, but provide other services to the customer. They will still try to market other things to that company and that may require face to face. Other lenders will choose to just close the loan," Tysdal said.

Future developments could reduce onsite visits further. "We could put 3D photos on the site and they could do a walk-through from their desks. It's real close. We're right on that doorstep, really," said Tysdal.

MacDougall came down on the side of looking the property over. Speaking of a real estate loan he'd bid on, he said, "We have to see the property first. It could be next to a toxic

waste dump for all I know."

Oinke.com has partnered with two companies to offer borrowers value-added services. It is free to companies that take part in an Oinke.com auction. **Moody's Risk Management Services'** risk management engine allows privately held businesses to see the same risk scoring profile and report that banks have been using. Oinke.com is the first company to offer that service, Markel said. It is used by 2,500 lending institutions worldwide but up to now the borrower never got to see it.

Integra Information Systems takes data from a busi-

ness's income statement and balance sheet and produces a report comparing the business to its Standard Industry Classification (SIC) peers.

Markel has big plans for Oinke.com. "Insurance is a very, very big area that we'll be into next," he said. "We estimate we'll probably be in that area in the third quarter."

Jerry Minkoff



www.oinke.com

Reprinted from *WebFinance*, March 13, 2000.
1290 Avenue of the Americas, 36th Floor, New York, NY 10104, (212)830-9371

Oinke.com

19800 McArthur Blvd
Suite 100
Irvine, CA. 92612
Phone (949) 784-8700
Fax (949) 784-8701