

Innovative supply chain management

Fortify your supplier's stability

Turn waiting into winning
for everyone.

SAP Taulia

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Make the most of your company's working capital

Companies everywhere are stepping up their efforts to make the best use of working capital, as liquidity is often the key to survival in challenging times. As the owner of supplier relationships, procurement has a significant role to play in supporting this company-wide effort while protecting the resilience of the supply chain.

Managing supplier relationships isn't always easy, and in today's environment, there are more challenges to overcome than ever before. But by tapping into a global network powered by a market-leading suite of solutions, you can help your company make the most of its working capital while strengthening your supplier relationships.

Of course, this means choosing the right working capital management (WCM) partner. You'll need a partner in tune with your company's goals; someone who can inform your suppliers about the advantages of your solution and provide a slick onboarding experience; and the insights you need to keep your supply chain running seamlessly.

The role of procurement in working capital management

First, let's get to grips with working capital management and procurement's role in this critical business activity.

What is working capital management?

Working capital measures a company's operational efficiency and financial health. It is calculated by subtracting its current liabilities from its current assets. Current assets include accounts receivable (AR) and inventory, while current liabilities include accounts payable (AP).

Working capital management is a business process that helps companies best use their current assets and cash flow. WCM can help companies free up cash that might be trapped on their balance sheets. This can then be used to fund growth and/or reduce the need for external borrowing.

Where does procurement fit in?

While WCM spans different departments, procurement has a key role to play on the accounts payable side. By building sustainable supplier relationships, negotiating pricing and payment terms, and minimizing errors, procurement can help optimize working capital across the company.

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Traditionally, procurement always includes striking a balance between price and payment terms, cost vs cash. So we need to find the right strategy and deploy it accordingly.

Nikolaus Kirner,

Chief Procurement Officer, SAP



Challenges faced by procurement teams

Managing supplier relationships can be challenging, particularly if your company has large and complex supply chains. Supply chain disruption, cost pressures, and regulations around mandatory terms can all add to the challenges faced by procurement teams.

Why strong supplier relationships matter

Your company needs to secure the right goods and services to do business, and this requires a highly efficient procurement and logistics process. The stronger your relationships with suppliers, the better placed you'll be to negotiate prices and terms, build a loyal, resilient supplier base, access top-quality products, implement **ESG initiatives** and minimize the risk of supply issues.

How WCM can help

But you also need to balance your procurement needs with the needs of your suppliers. To optimize working capital, companies may need to extend the time they take to pay their suppliers – but this places more strain on suppliers, particularly in an inflationary environment where the value of an unpaid invoice is eroded over time.

Luckily, there are ways to achieve the right balance. Adopting working capital solutions like supply chain finance and dynamic discounting allows your suppliers to receive payment early while optimizing working capital for your own company.

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At Vodafone we have policies that limit our payment terms with small vendors. If the company is a start-up it's even lower. For those companies, we have internal policies that say that Vodafone will always be a cheaper source of funding than they can get themselves.”

Graeme Reynolds,

Principal Commercial Finance Manager, Vodafone

Supply chain finance is a third-party-funded financing solution initiated by the buyer, whereby suppliers can receive early payment on their invoices.

Dynamic discounting is a self-funded solution in which buyers give their suppliers the option of receiving early payment in exchange for a discount on their invoice.

Flexible funding solutions enable buyers to switch between supply chain finance and dynamic discounting as needed.

How can a partner help?

A dedicated WCM partner can help you measure the cash flow optimization opportunities available to you. With a holistic overview of supply chain health, you'll be better placed to make informed decisions. A strong partner can also help you get buy-in from stakeholders and roll your program out to suppliers.

Traits of an effective WCM partner

First, though, you need the right partner. Look for a provider that's aligned with your company's goals and able to inform you about the opportunities available. You'll also need access to a scalable and flexible technology solution that works easily with your existing systems and programs.

Your chosen partner should offer a single solution that can reach your whole supply chain, including suppliers of all sizes, rather than just the largest suppliers with the highest transaction

volumes. A platform that is already connected to thousands of suppliers worldwide can get your program up and running faster. Likewise, a suite of solutions that also manages inventory and AR financing, in addition to AP, can help companies manage working capital at the enterprise level and support procurement in partnering with treasury.

While the financials are important, remember that the business case for using a partner should consider the value the partner brings rather than just the cost.

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We chose SAP Taulia because they were cost-efficient, they wanted to go on a European journey with us, and the partnering was incredible. The support from day one was really impressive and it's continued until today.

Rachel Sharkey,

Finance Manager, Northgate Information Solutions

Leveraging technology for WCM success

You need the right technology for a successful WCM project. Fortunately, there are more options available than ever before.

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We looked not only at the technical solution but crucially at how easy it was to use – not just for staff, but for suppliers. Taulia absolutely came out on top.

Laura Langstsaff,

Head of Procurement, Surrey and East Sussex County Councils

Reshaping supplier finance

Newer technology providers are important in reshaping traditional supplier finance and making programs available to more suppliers than traditional bank-led options. However, not all WCM solutions are created equal. You'll need to identify a solution offering exceptional technical support and streamlined supplier onboarding while giving you valuable insights.

What to look for in a technology solution

- Look for solution that offers:
- Rapid registration for your suppliers.
- Scalable solutions for all sizes of suppliers, including **virtual cards**
- Advanced technologies that cut onboarding times from weeks to minutes.
- Advanced analytics that eliminate the heavy lifting so you can make big decisions with total certainty
- A sophisticated dashboard that puts all the data you need at your fingertips.
- Awareness building to keep your suppliers informed about the benefits of early payments.

Building an enterprise WCM strategy

Different departments within the organization can have competing goals. Treasury wants to deploy cash for maximum impact at low risk, while procurement aims to reduce purchasing costs. Finance wants process simplicity, while IT wants smooth integration with other systems.

Cross-functional team

To manage working capital holistically, your company will need to break down silos and build a cross-functional team focused on common cash goals. This should include key stakeholders from departments such as; Procurement – Finance – Treasury – Accounts Payable – Accounting – Shared Service Center and IT.

The project will also need backing from C-level executives, particularly the CFO, to overcome any internal resistance to change.

Setting objectives and timelines

Working with your WCM partner, the cross-functional team can establish clear, measurable objectives and timelines for the program. For example, you can measure the time taken to go live, the number of suppliers enrolled in the program, and the number of suppliers taking early payment, as well as looking at working capital metrics such as **Days Payable Outstanding (DPO)**.





The global network advantage

When it comes to choosing a WCM partner, look for a provider that supports a global supplier network. Your suppliers won't all rush to join your program on day one – so your provider will have an important role to play in helping you grow your program.

Why a global supplier network matters

Choosing a WCM partner with a large B2B network of connected suppliers in multiple industries is essential for businesses with international supply chains. By doing so, you can immediately connect to suppliers that are already taking early payments on the network.

An experienced provider with a global team of supplier outreach representatives will also be better placed to help you onboard suppliers onto the program.

Accessing enhanced WCM capabilities

An effective WCM partner should provide content in multiple languages, help the cross-functional team secure buy-in from senior stakeholders, and demonstrate ROI to different groups within the business.

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Our suppliers were very keen that the SAP Taulia solution we were implementing didn't require an enormous effort on their part.

Andrew Wilson,

Former Working Capital Lead, AstraZeneca

Implementing your program and measuring success

When implementing your WCM strategy, you'll need to communicate the changes effectively. For procurement, that might mean taking full ownership of dealing directly with the largest and most strategically important suppliers, with your WCM partner handling communications for other suppliers.

Why might suppliers take early payment?

To maximize your program's adoption, you first need to understand why suppliers might choose to take payment early. For example, SAP Taulia's 2023/2024 Supplier Survey found that the top reasons why suppliers take early payments are to fill a cash flow gap (52%), address working capital needs (31%), and achieve payment predictability (27%).

Measuring success

Once the program is up and running, you'll need to continue examining your results to ensure it stays on track. Your provider should check in with you regularly and offer constant access to real-time program metrics and analytics.

With a strong WCM partner, your program can carry on delivering results for your suppliers for years to come.

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We saw at least a 2.5x ROI over and above making investment decisions on our cash, borrowing in the market, including spending money on the program itself.

Francois Coetzee,

Project, Bank and Cash Manager, Sasol

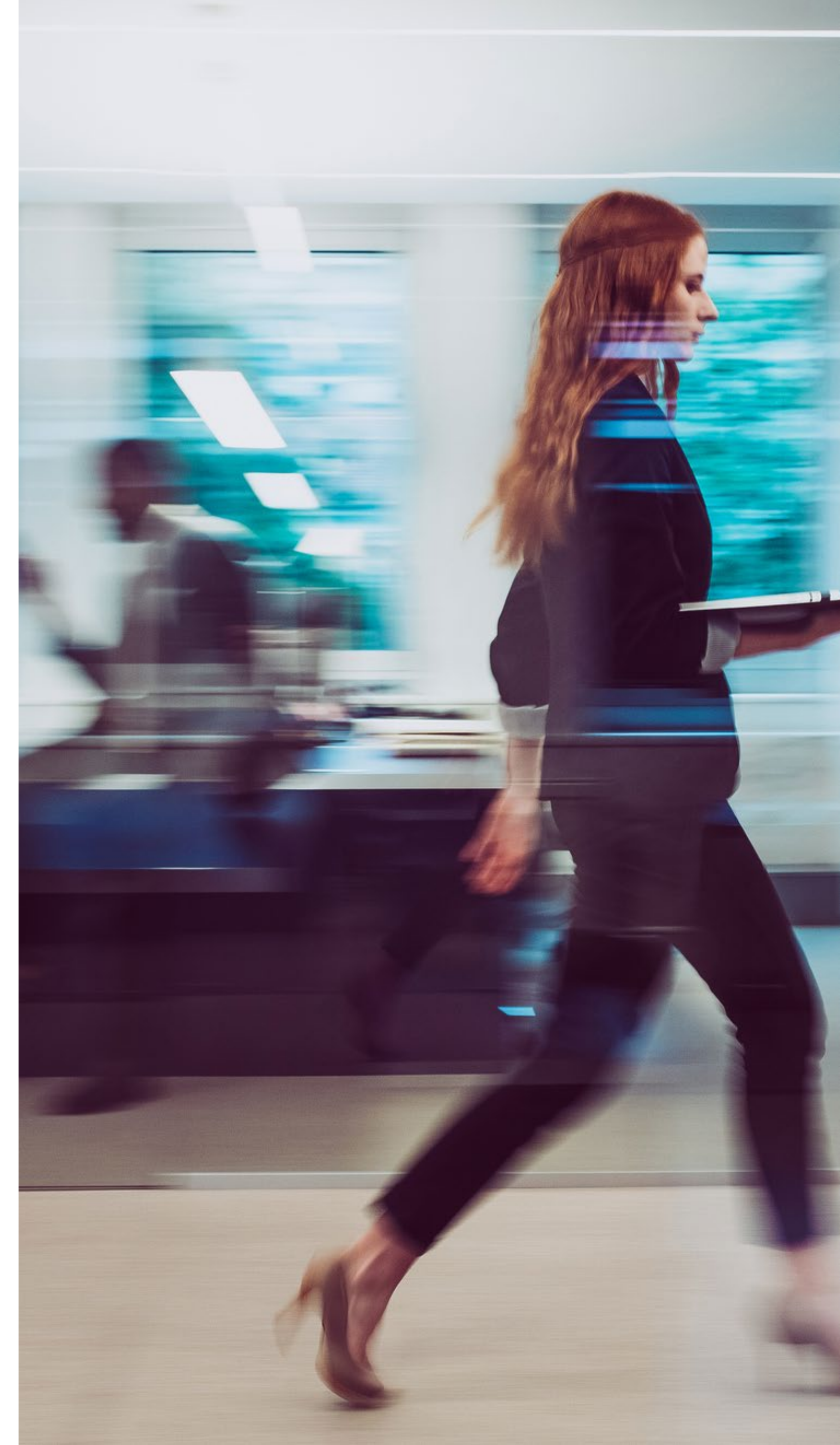
Move procurement forward

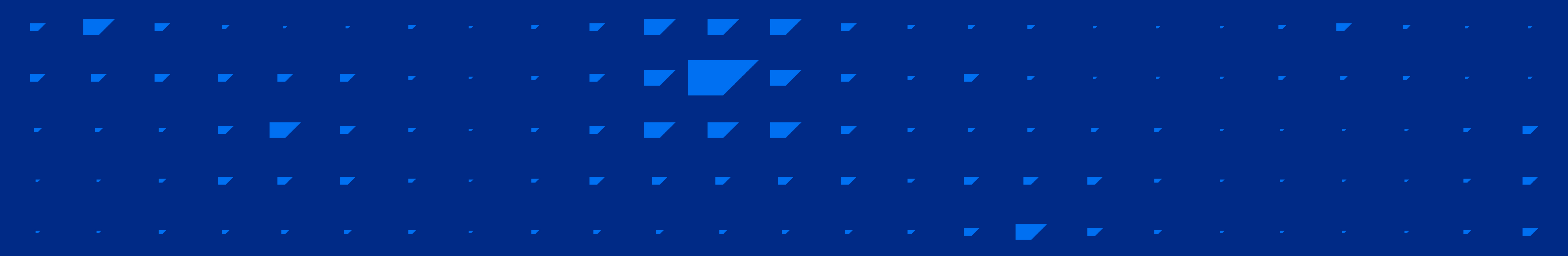
In today's environment, companies need to weather all types of disruption, and that requires rock-solid relationships with suppliers and alignment across your organization.

The good news is that innovation is opening up new opportunities to tackle long-standing procurement challenges. By combining technology with an enterprise-wide approach to WCM and working cross-functionally with other teams, procurement teams will be better placed to realize their full potential.

Selecting a WCM partner: a checklist

- Supplier-friendly onboarding process
- Rich functionality, sophisticated reporting, and flexible tools
- Industry knowledge and expertise
- Proven track record of implementing WCM solutions
- Excellence in communication and collaboration
- Strategic alignment with your company's goals





About Taulia

Part of the SAP family, Taulia is a fintech provider of working capital management solutions headquartered in San Francisco, California. Our solutions help companies access value tied up in their payables, receivables, and inventory.

SAP Taulia's suite of solutions and millions of suppliers enables customers to

execute their working capital strategies, support their suppliers with early payment, and contribute to building sustainable supply chains.

SAP Taulia processes more than \$500 billion each year and is trusted by the world's largest companies, including Airbus, AstraZeneca, and Nissan.

For more information, visit **Taulia.com**

