

# WHY SUPPLY CHAIN FINANCE IS A WIN-WIN FOR CORPORATES



## CRAIG JEFFERY

Managing Partner, Strategic Treasurer

## MICHAEL LOMAX

Director, Working Capital Solution Structuring,  
Kyriba



## WHAT

How supply chain finance provides flexibility, improves liquidity and builds buyer-supplier relationships.



## WHEN

Thursday, October 28, 2021  
2:00 PM – 3:00 PM EDT



## WHERE

Live online presentation  
Replays at [StrategicTreasurer.com](https://StrategicTreasurer.com)



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# ABOUT THE SPEAKERS

## GET TO KNOW TODAY'S SUBJECT MATTER EXPERTS



### CRAIG JEFFERY

Craig Jeffery formed Strategic Treasurer in 2004 to provide corporate, educational, and government entities direct access to comprehensive and current assistance with their treasury and financial process needs.

His 30+ years of financial and treasury experience as a practitioner and as a consultant have uniquely qualified him to help organizations craft realistic goals and achieve significant benefits quickly.



### MICHAEL LOMAX

Mike leads the working capital practice as subject matter expert for Kyriba's North America Region. His role is to assist clients with meeting their goals using the technology, funding, pricing and onboarding strategies he has learned over his many years in the industry. With experience on both the physical and financial sides of the supply chain, Mike brings a broad perspective to structuring solutions for clients and their suppliers and recognizes the need to impact both sides of the transaction equally. Before joining the Kyriba team, he spent over 13 years combined in Trade & Supply Chain finance roles with JPMC, BAML and HSBC. Most recently, he worked in Procure to Pay/Fintech doing SaaS platform enabled early payment programs for suppliers. He resides in the Park City, UT area and enjoys the outdoors.

# TOPICS OF DISCUSSION

KEY AREAS OF FOCUS &  
ANALYSIS



**SCF**  
OVERVIEW



**SOLUTIONS**  
OUTSIDE OF TRADITIONAL  
PAYMENT TERMS



**SCF BENEFITS**  
WIN-WIN-WIN FOR ALL



**CONSIDERATIONS**  
IS SCF RIGHT FOR YOUR  
ORGANIZATION



**SUPPLIER  
PARTICIPATION**  
USING A NETWORK



**KEY TAKEAWAYS**  
AND FINAL THOUGHTS

# WHAT IS SUPPLY CHAIN FINANCE?

“The use of financial instruments, practices, and technologies to optimize the management of the working capital and liquidity tied up in supply chain processes for collaborating business partners.”

- The Euro Banking Association



## BUYER-LED APPROACHES

### Accounts Payable-Centric

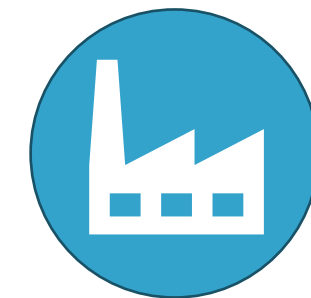
- Reverse Factoring
- Dynamic Discounting



## RELATED APPROACHES

### Trade Finance / Bank-Led

- Documentary Trade Finance
- Bank Payment Obligation
- Asset-Based Lending



## SUPPLIER-LED APPROACHES

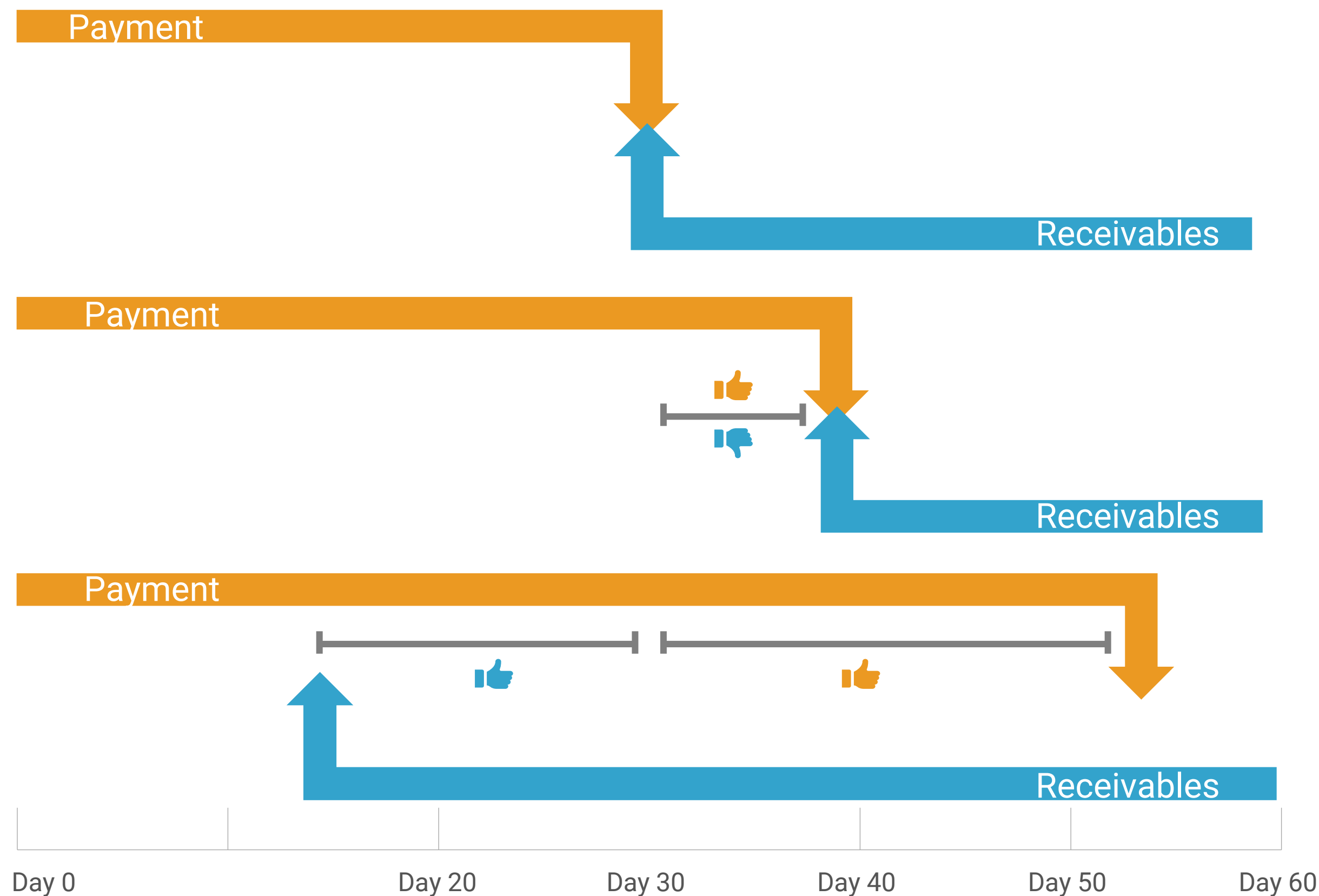
### Accounts Receivable-Centric

- Factoring
- Forfaiting
- Invoice Discounting
- Inventory Financing

# PAYMENT TERMS

## WIN-LOSE vs. WIN-WIN

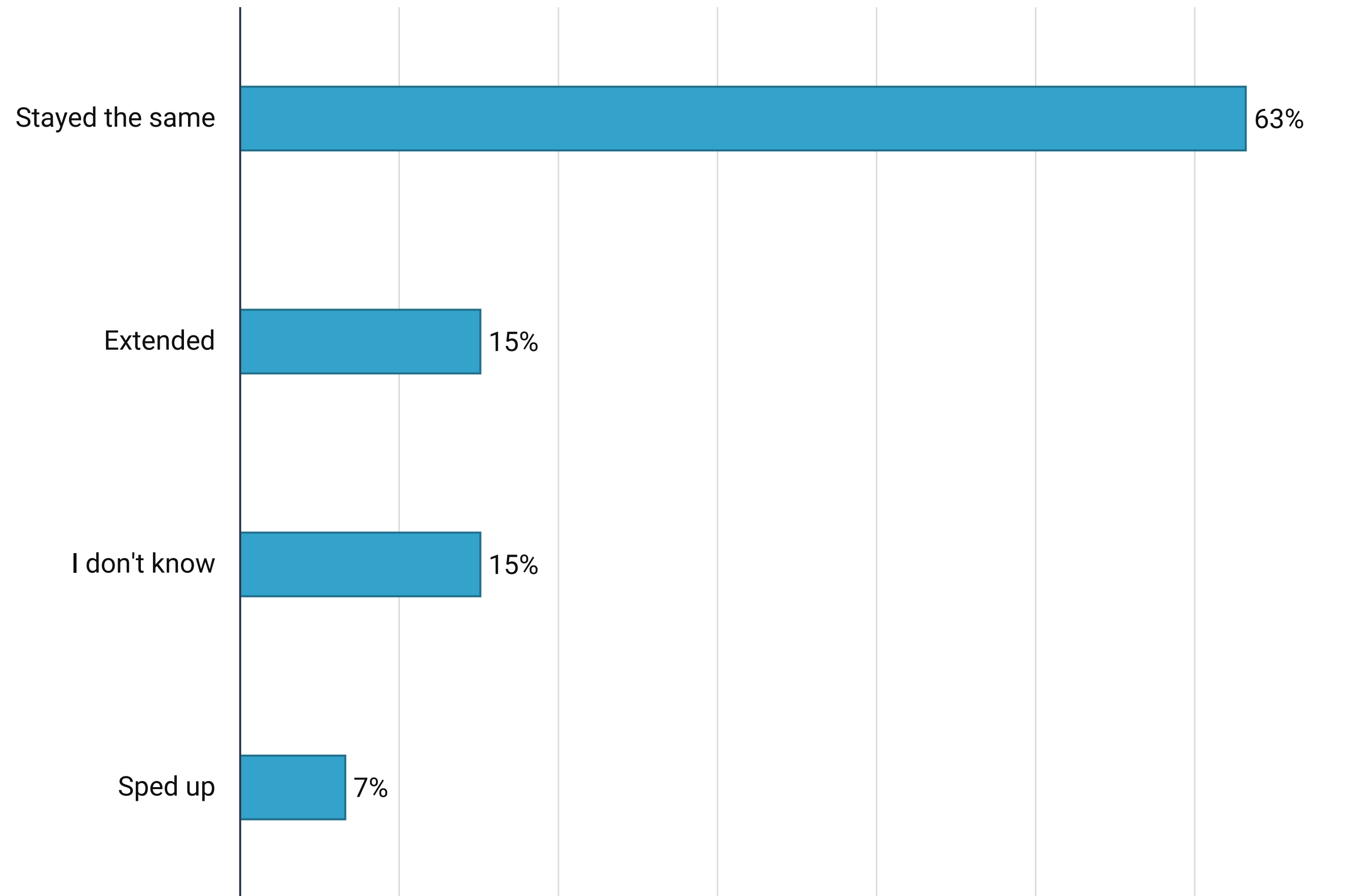
Since traditional payment terms move in lockstep, where extending your DPO also extends your vendor's DSO, using traditional payment terms to free up your own liquidity is a win-lose situation. Win-lose can easily become lose-lose.



SCF solutions of various kinds add flexibility, in some cases breaking the lockstep and in other cases simply smoothing it out to allow buyer and supplier to support each other rather than break each other.

# POLL QUESTION

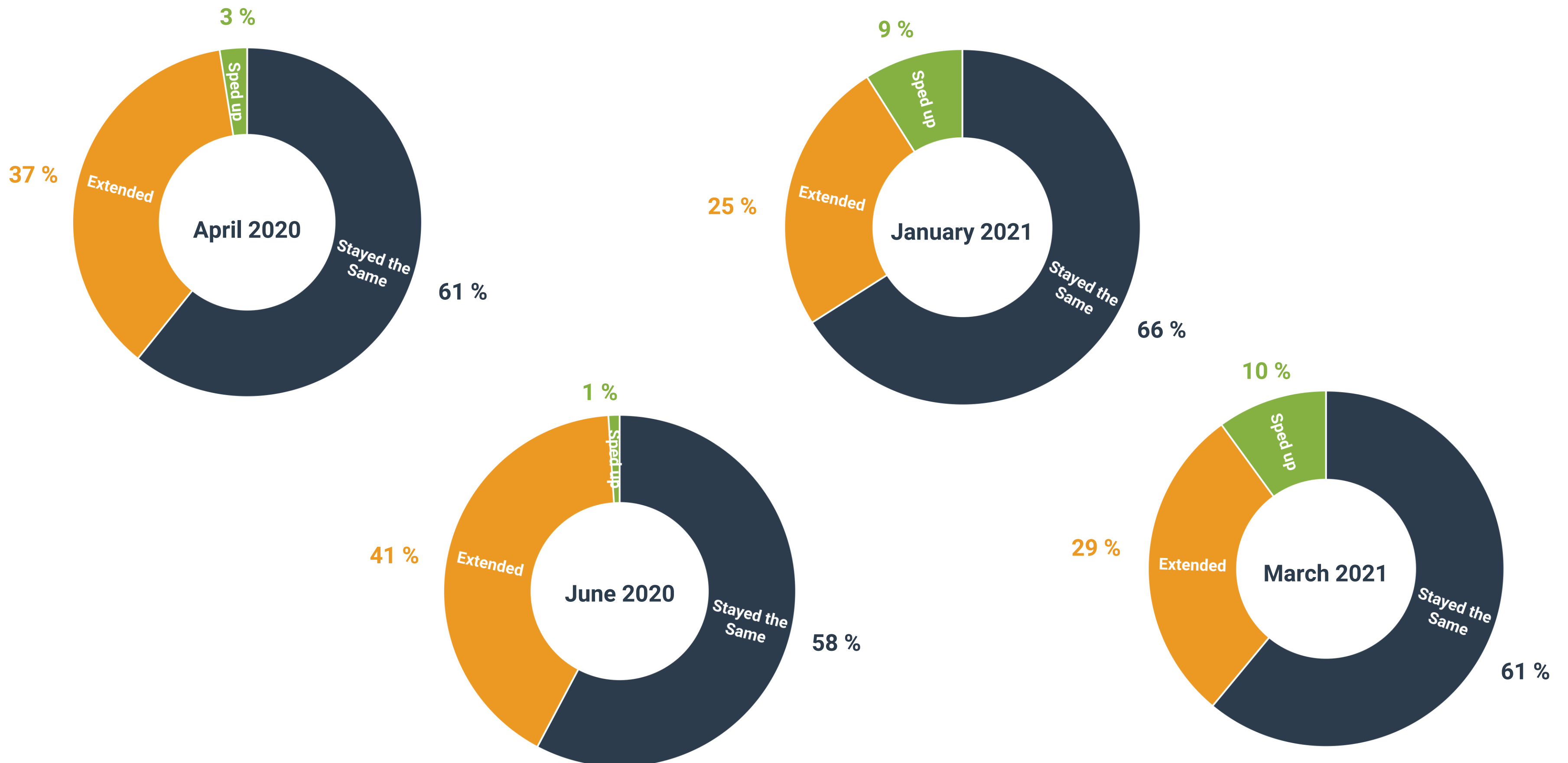
Recently, what has your timing been for paying vendors and suppliers?



# PAYMENTS ARE EXTENDED

## DURING COVID-19

Global Recovery Monitory survey asked treasury and finance practitioners: Compared to typical times, our timing for paying vendors and suppliers has:

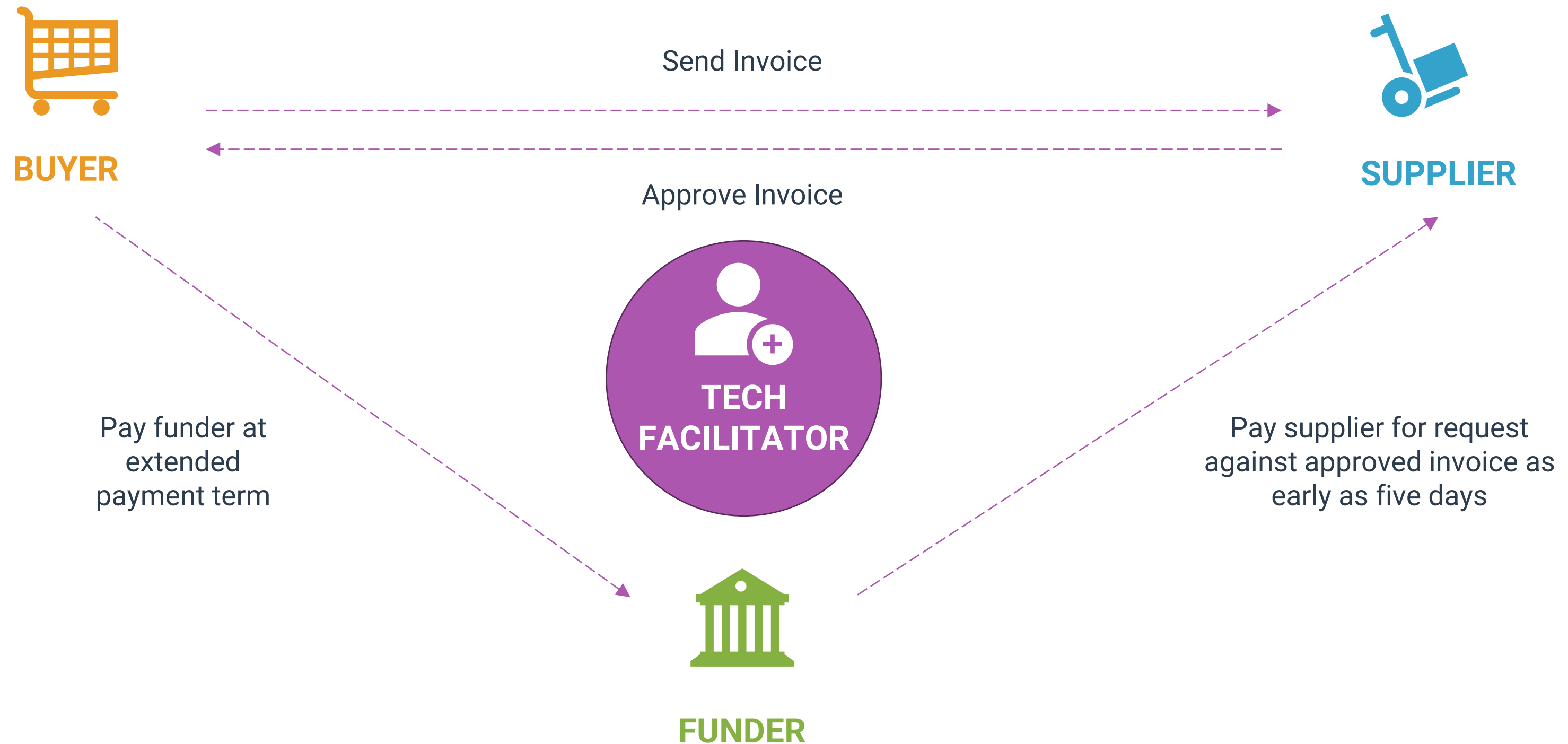


Note: "I don't know" responses are not included

# REVERSE FACTORING

## BUYERS WITH STRAINED LIQUIDITY

Reverse factoring leverages the buyer's more robust credit to obtain third-party funding for the supplier, breaking the lockstep of traditional payment terms. It allows the supplier to reduce DSO and receive early payment while simultaneously allowing the buyer to increase DPO and hold onto cash for longer.

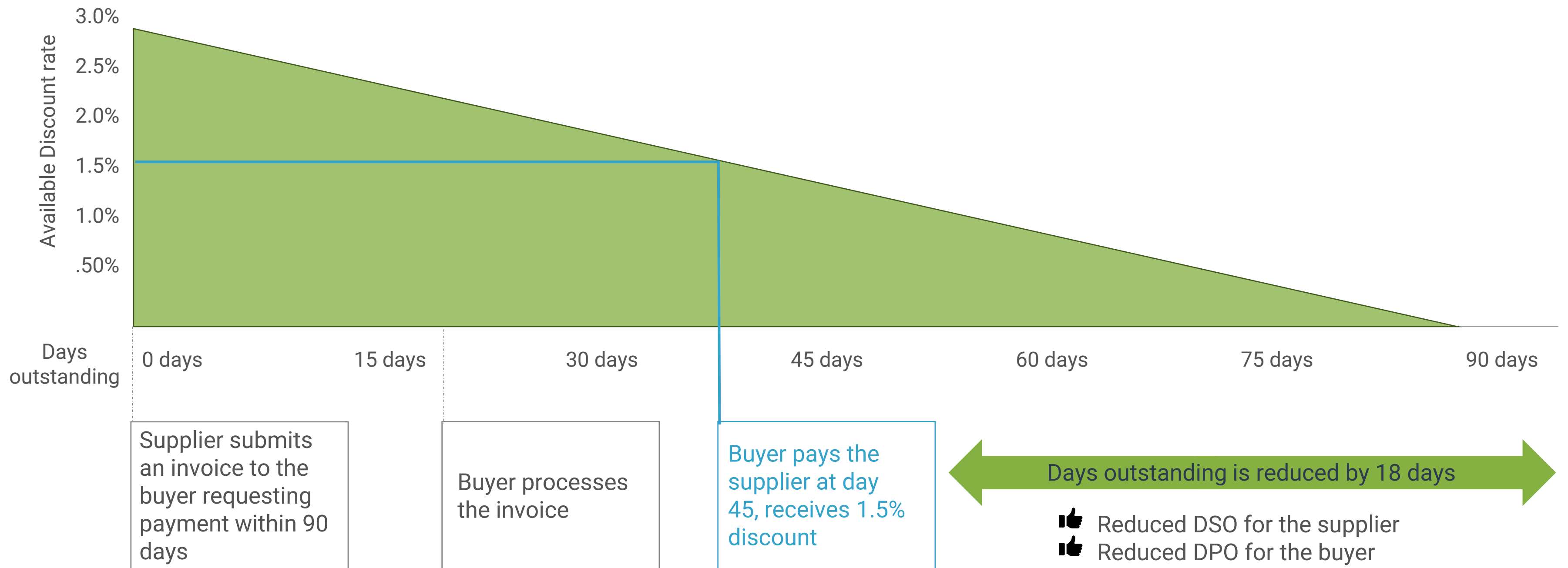




# DYNAMIC DISCOUNTING

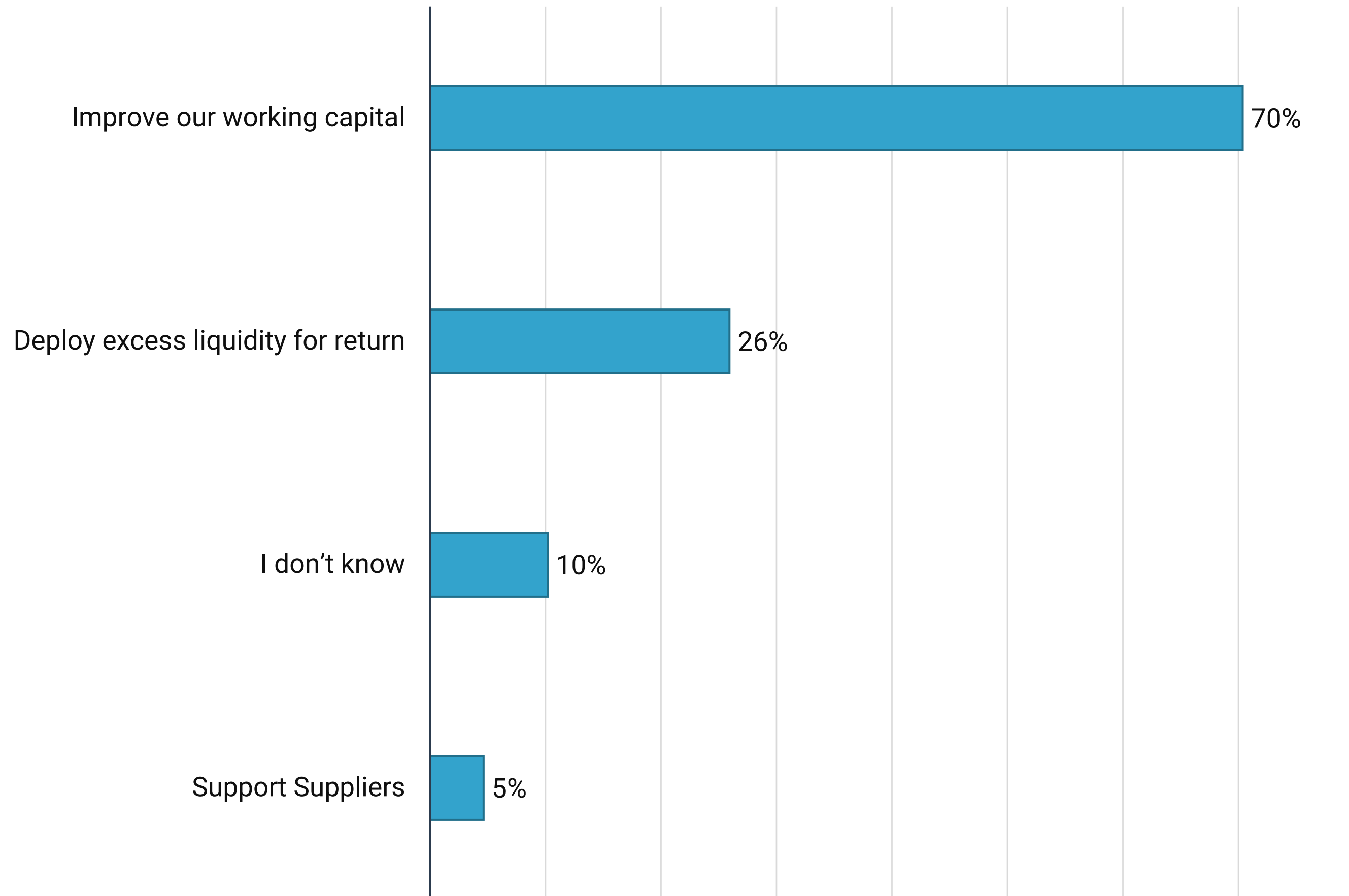
## BUYERS WITH EXCESS CAPITAL

In dynamic discounting, buyer and suppliers can both access an SCF platform where the supplier can set discount rates on a sliding scale, and the buyer can receive a prorated discount for whatever early payment date they choose.



# POLL QUESTION

**What are your objectives for a working capital program?**



# SUPPLY CHAIN FINANCE

## WIN-WIN-WIN BENEFITS

### BUYERS



Increased free cash flow



Enhanced cash visibility & predictability



Reduced accounts payable inquiries



Rewards for bank partnerships



Improved critical supplier relationships



Financial incentive for sustainability and responsible sourcing

### SUPPLIERS



An increase in free cash flow through early payment



Enhanced cash visibility & predictability



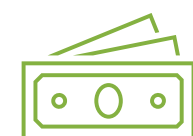
Reduced financing cost



Remittance information at no cost, reduced accounts receivable queries



Financial incentives for sustainable and responsible sourcing



Access to new financing sources

### FINANCIAL INSTITUTIONS



Establish new revenue streams



Build new relationships with suppliers



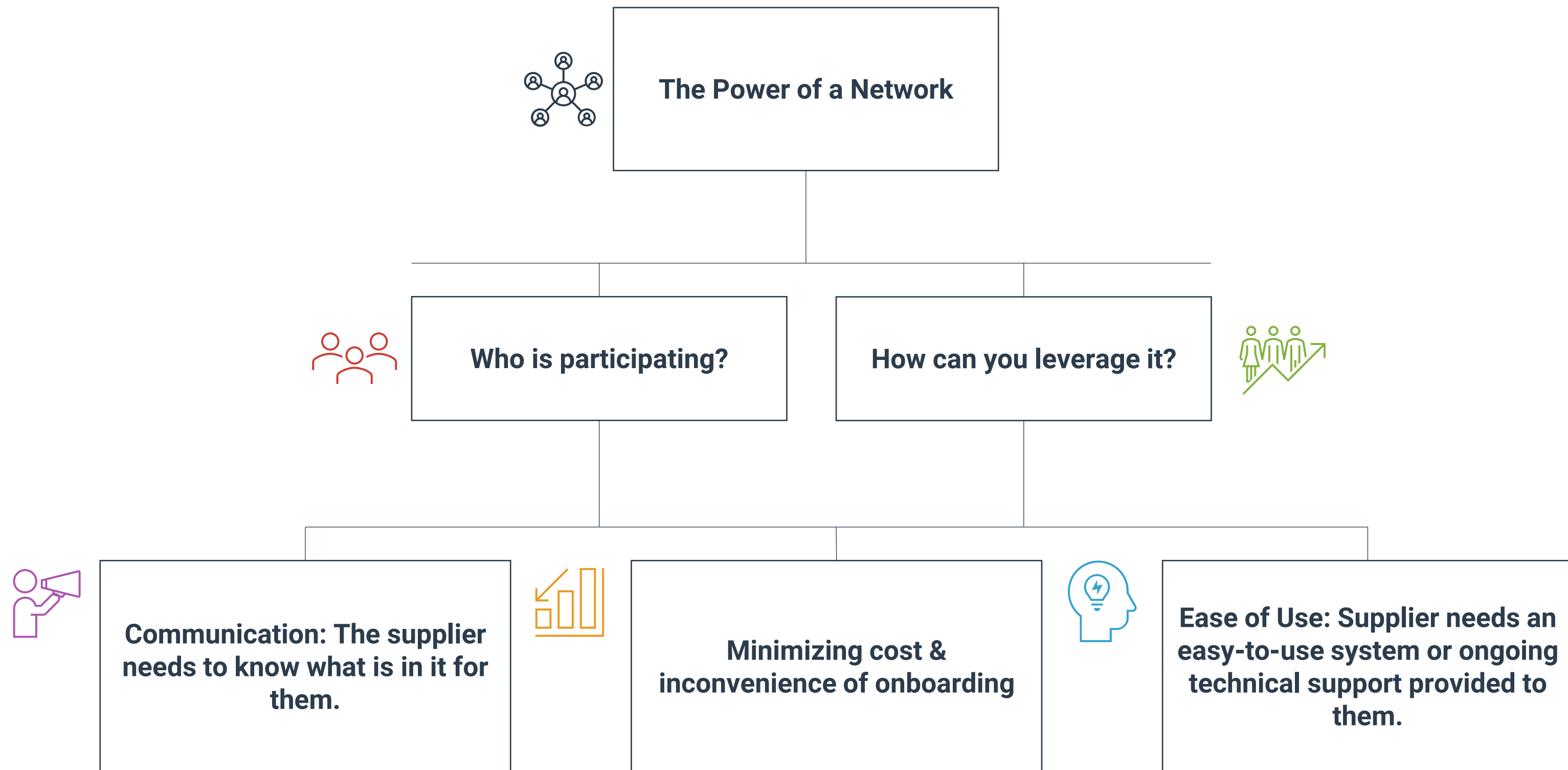
Enhance relationships with buyer enterprises



Expand “green financing” portfolio

# MAXIMIZING SUPPLIER PARTICIPATION

## THE POWER OF A NETWORK



# IS SCF RIGHT FOR YOU



## LOW SUPPLIER CREDIT

If your suppliers need more access to capital than they can obtain for themselves, SCF can leverage your own company's credit rating.



## WORKING CAPITAL OPTIMIZATION

SCF should be considered if your company has already taken common measures to optimize working capital, but you are aiming for further optimization.



## NET LIQUIDITY FLUCTUATION

SCF solutions offer opportunity to keep the supply chain strong when liquidity is tight as well as when in excess.



## SUPPLIERS ARE PARTNERS

SCF can mitigate risk of losing partners that are relied upon and not easily replaced.

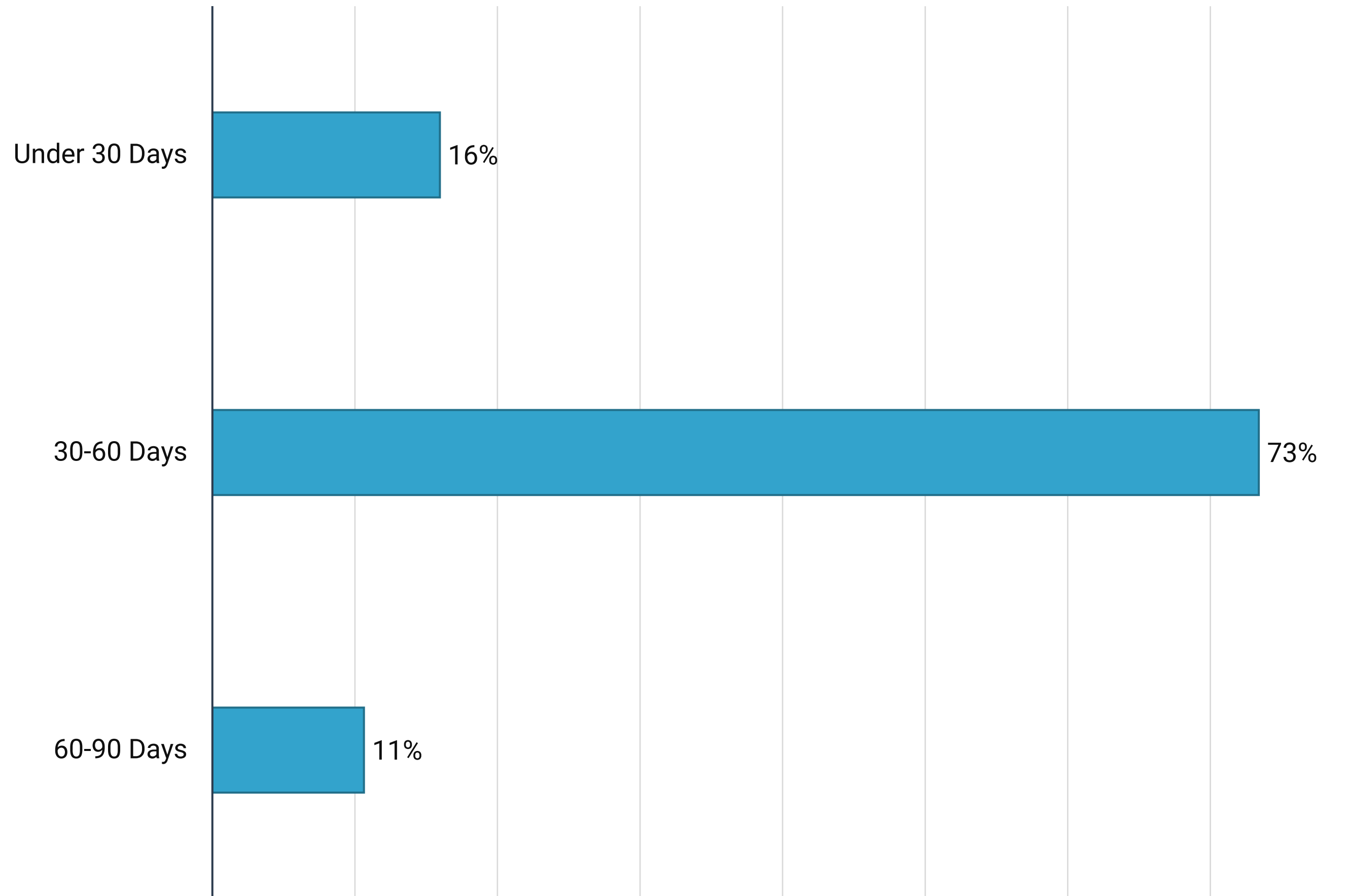


## DIVERSIFYING CAPITAL ACCESS

SCF is a good choice when you are seeking an option other than borrowing from your bank.

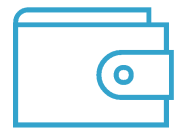
# POLL QUESTION

**What are your average terms?**

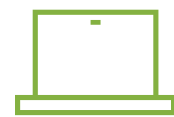


# FINAL THOUGHTS

Ideas and Points to Bring Back to the Office



## FOCUS ON RETURNS



## ACHIEVING NETWORK SCALE THROUGH TECHNOLOGY PLATFORMS



## OPTIMIZE WORKING CAPITAL

- Leverage your banking partners



## MEETING SUPPLIER LIQUIDITY NEEDS

- Being a good neighbor

# LET'S CONNECT

DON'T LET THE LEARNING END HERE...  
CONTACT US WITH ANY FUTURE QUESTIONS

Thank you for your interest in this presentation and for allowing us to support you in your professional development. Strategic Treasurer and our partners believe in the value of continued education and are committed to providing quality resources that keep you well informed.



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## EPISODE #80 Trends in Treasury

With a focus on financial services and insurance companies, they share profitable insights into these businesses and what other industries can learn from them in both domestic and global markets. Topics of discussion center around technology expectations, data accessibility, software solutions and more.