

# Managing supplier relationships to help optimize cash

## Dynamic tools for finding better payment terms and new opportunities

Typically, CPOs and CFOs are constantly alert for opportunities to increase cash on hand and ways to make the most of their working capital. But this isn't a typical time for many businesses. The full impact of the COVID-19 pandemic isn't clear yet and may not be for some time. In the fast-changing market conditions that the crisis is shaping, the need to manage cash is more pressing than ever, but the ability to secure it is strained by stressed supply chains, cratering demand, or record fulfillment needs. It's taking creativity just to keep the doors open.

### A path forward

Some of those creative approaches are built into systems designed to enhance working capital management and supplier terms. Under the pressure from the COVID-19 crisis, some businesses with an already solid cash and working capital position are finding that **SAP® Ariba® Discount Management** for **Dynamic Discounting and Working Capital Optimization** is a valuable toolset.

With Deloitte as a resource to help craft an overall working capital payables optimization strategy, including implementing the SAP Ariba Discount Management application, we can help finetune and support your approach to payment terms and improve the processes required to pay both efficiently and on time. It can even help buyers arrange to receive discounts in exchange for early payment of invoices—while suppliers get a potentially big benefit, too: the ability to capture income sooner by offering additional discounts.

### Potential benefits

- Buyers can pay invoices earlier in exchange for discounts, realizing more savings upfront
- Sellers can receive payment sooner through discount offers, helping to accelerate cash flow, finance immediate needs, and provide greater predictability for receivables
- Increase gross margin and earnings before interest, taxes, depreciation and amortization (EBITDA) by reducing costs of goods sold (COGS) during the invoice cycle through dynamic discounts
- Streamline the lifecycle from order to purchase order to payment—with enhanced digital capabilities
- Strengthen buyer-supplier relationships overall

### How we can help

Deloitte can help amplify the benefits of SAP Ariba Discount Management by complementing the technology with strategic insight. Greater ability to adapt payment terms requires a strategy to guide it; new capabilities have more impact when executed as part of an overall working capital optimization strategy, supported by the right people in the right roles, and stakeholder engagement aligned around common objectives. To support the use of SAP Ariba solutions, Deloitte can help you:

- Conduct data-driven analysis of current spend and payment practices
- Review payment terms and source to pay processes against leading-practice and benchmark data
- Develop and execute payment terms optimization program
  - Identify suppliers best suited for alternative payment practices
  - Develop a tactical action plan to engage with targeted supplier base
  - Support negotiations strategy and execution, along with savings tracking and reporting
- Enable the SAP Ariba Discount Management solution and integrate it with other business-critical systems

### The Deloitte difference

Deloitte brings a tested methodology for creating value with the “built to evolve” Kinetic Enterprise™—an intelligent, responsive, cloud-enabled organization powered by a clean core and an inclusive ecosystem of capabilities. Additionally, Deloitte brings a comprehensive Payables Working Capital Optimization playbook and set of accelerators. When you work with our team to transform source to pay, you get access to Deloitte's deep industry-specific experience—which grows daily as we help enterprise leaders across the globe reimagine *everything* and use SAP solutions to solve complex business challenges.

# Deloitte.

## Let's talk

If getting ahead of financial supply chain challenges is a priority for your organization, we should talk. Contact us to learn how we can help you take discount management to the next level and optimize working capital with SAP Ariba Discount Management—so you can effectively address COVID-19-related challenges as well as future waves of disruption.

## Contacts

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