

# Transform Payables into Strategic Assets

SAP Ariba 



The Best-Run Businesses Run SAP®

## Transform payables to improve your company's balance sheet

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The ability to align invoice status visibility, working capital management, and payments can dramatically impact your bottom line. And in today's digital economy, there's no better way to achieve results than by combining a source-to-settle platform and global business network from SAP Ariba, to manage payables with suppliers to **improve working capital and benefit your financial supply chain.**

With SAP Ariba financial supply chain solutions, you can connect and collaborate with your global suppliers, realize new opportunities to manage cash and working capital, and simplify your B2B payment process. As a result, you can unlock significant value from your payables.

For example, you can take advantage of incremental early-payment discounts that earn a high rate of return with no risk. You can maximize your days payable outstanding (DPO) while enabling your suppliers to accelerate cash flow and reduce days sales outstanding (DSO).



Or you can help suppliers find alternative financing sources and speed the flow of payments.

The networked-based approach of SAP Ariba solutions helps you elevate payables from a processing-center and balance-sheet liability to a valued asset. In addition, by moving from single-supplier portals to a global business network, you can use the power of a shared network to connect one time to multiple trading partners. This eliminates the time, effort, and expense of one-to-one connections.

# Employ a global business network to connect and collaborate with suppliers

## Employ global business network to connect and collaborate with suppliers

Boost return on short-term cash through early-pay discounts

Maintain or extend DPO by managing payment terms

Use supply chain financing to support increased Free Cash Flow

Close the loop with certain, simple, and secure payment

Connecting with suppliers to reduce supplier inquiries and increase collaboration opportunities is a priority for world-class organizations.

With the world's largest global business network from SAP Ariba, you can provide the full, self-service invoice status visibility your suppliers need, greatly reducing inbound inquiries. With this real-time insight, you can collaborate over early payment and working capital initiatives. And the Ariba Network provides the capabilities you and your suppliers need to act on those opportunities at the click of a button.

The Ariba Network gives you the open platform you need to connect with all of your suppliers across all types of spending. It delivers a smart solution to automate your business policies and preferences around payment terms and discount offers. And it provides a simple, easy to use platform and single, end-to-end interface to manage all of your transactions with suppliers.

Connect and collaborate on a global scale with the Ariba Network



# Boost return on short-term cash through early-payment discounts

Employ global business network to connect and collaborate with suppliers

## **Boost return on short-term cash through early-payment discounts**

Maintain or extend DPO by managing payment terms

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For organizations looking to increase returns on cash, there's arguably no better option than early-payment discounts from suppliers. With SAP Ariba discount management capability, you can take advantage of dynamic early-payment discount programs, maximize discount savings, earn impressive returns on cash deployed, and increase supplier participation – while maintaining or increasing overall DPO.

With SAP Ariba discount management, you automate early-payment discounts from initial offer to agreement, including

transactions with prorated or dynamic discounts. You can extend early-payment discount offers to suppliers through the Ariba Network. You set the "hurdle rate" – the minimum rate of return you are willing to accept for discount programs. You control the amount of cash you want to use and identify which suppliers or supplier groups to include in a program.

Powerful reporting lets you track metrics such as discount volume, average discount rate, transaction volume, and supplier growth rates. Compare results to other periods, supplier-specific discount metrics, and other criteria.

Take advantage of discount opportunities on electronic invoices as well as invoices processed manually.



# Maintain or extend DPO by managing payment terms

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## **Maintain or extend DPO by managing payment terms**

Use supply chain financing to support increased Free Cash Flow

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With a defined strategy and careful management, you avoid proliferating payment terms that can occur as buyers negotiate contracts with suppliers. Organizations with a team of buyers and thousands of suppliers can have more than 100 distinct payment terms. Limiting these varied payment terms can improve DPO performance so that you are not paying more quickly than other companies in your industry.

With SAP Ariba discount management capability and a strategic payment-terms standardization program, you get the best of two worlds. You can extend payment terms with many suppliers and offer early-payment discounts for others that prefer to get paid sooner. The net effect: you can maintain or extend DPO as you lower costs of goods and services,

and can increase your return on cash from these discounts.

For companies that lack time, expertise, or resources to manage dynamic discounting, payment term, or broader working capital programs, our working capital management services team can help. We bring decades of experience in working with organizations to design, run, and maintain an effective program.

With our help, free up significant working capital, dramatically expand early-payment discounts, and jump-start related working capital programs. Our specialists can also reach out to new suppliers as part of your program.



# Use supply chain financing to support increased Free Cash Flow

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## Use supply chain financing to support increased Free Cash Flow

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Ariba provides a third-party supply chain financing (SCF) option to complement your strategic objectives. SCF optimizes cash flow by allowing you to lengthen payment terms to your suppliers while providing the option for suppliers to get paid early.

Whether you want to assist your suppliers by accelerating the flow of payments, improve your working capital and operating cash flow, or provide a lower-cost financing alternative for your suppliers, SCF is an important tool and win-win scenario for both you and suppliers. It can help you further realize the strategic value of payables.

SCF is not a "one size fits all" solution. You can address the SCF mix that is specific to

needs of your organization or suppliers with regard to cash flow working capital requirements, depending on the way you do business. Identify cash flow opportunities that are hidden in your spend. Design different payment-term strategies on an individual supplier basis. Gain access to a multibank funding platform that is scalable, secure, and global.

Using a single, global, multifunder platform, buyers can extend SCF offerings not only to their high-spend suppliers, but also to those midsize suppliers needing low-cost, on-demand financing. Suppliers can also accelerate their DSO without borrowing or increasing debt.



# Close the loop with certain, simple, and secure payment

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With the AribaPay solution, you can combine electronic settlement with comprehensive, line-level remittance data. This is faster and more secure than paper checks and provides more payment detail than other electronic settlement methods.

Uniting the Ariba Network with our payment partner ecosystem, AribaPay marries electronic payment with comprehensive remittance details from prepayment documents such as invoices, purchase orders, and contracts. The result is a transformative payment process that boosts the certainty and security of cash flow and streamlines the entire payment and reconciliation process with real-time track-and-trace functionality.

Security is also paramount in payments. Today, payers need to capture, manage, and maintain sensitive supplier bank information inside their back-end systems. AribaPay virtually eliminates this need. Our ecosystem payment partner manages the capture, validation, and ongoing fraud prevention around bank account information and payments.

With a single, clean, intuitive interface to the Ariba Network and multiple integration methods for suppliers to receive remittance directly into their accounting systems, AribaPay provides simpler payment reconciliation and self-service. The result? The removal of complexity and reduction of costs.



# Unleash new business potential in payables

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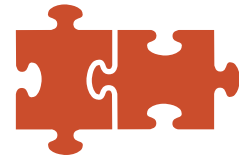
An effective network payables strategy combines a global business network, working capital management expertise, and an electronic payment approach that brings simplicity, certainty, and security to business payments.

With Ariba solutions, buyers and suppliers can follow the entire invoice-to-payment process in real time, with greater transparency. Manage the process from invoice submission, receipt, approval, and payment scheduling through funds settlement and account reconciliation. Empower accounts payable and accounts receivable teams to improve cash-flow forecasting and focus on strategic activities.

Combine the power of SAP Ariba solutions and working capital management expertise with the simplicity and security of business-to-business payments.

By using SAP Ariba solutions to manage the end-to-end process and reduce risks, you can Run Simple in accounts payable, minimizing change management. In addition, your suppliers will benefit from improved collaboration, transaction visibility, and the opportunity to improve their cash flow.

By automating invoice and payment processes, you can lower your costs, increase cash returns, and free up valuable working capital. Together, these help strengthen your income statement and your balance sheet.







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## Objectives

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## Solution

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## Benefits

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## Quick Facts

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### Summary

Financial supply chain solutions from SAP Ariba, combine a global business network, working capital management tools and services, with certain, secure, and simple electronic payment. This approach enables you to transform payables from liabilities into strategic assets that enhance the bottom line.

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### Solution

- SAP Ariba Network
- Working capital management solutions and consulting, including dynamic discounting and management of days payable outstanding (DPO)
- Integrated delivery of settlement and comprehensive remittance information

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### Objectives

- Provide full invoice visibility to 100% of suppliers through a global business network
- Capture all available existing and new dynamic early-payment discounts to lower costs and increase returns on short-term cash
- Manage payment terms to free up working capital
- Close the procure-to-pay loop with secure electronic payment with comprehensive remittance

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### Benefits

- Provide supplier self-service through global network visibility
- Earn double-digit cash returns, with no risk, with dynamic discounting
- Manage payment terms to maintain or extend DPO
- Optimize DPO to reduce working capital needs
- Reduce risks and help suppliers reconcile payments
- Strengthen your income statement and balance sheet

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### Learn more

To find out more, call your Ariba representative today or visit us online at [www.ariba.com](http://www.ariba.com).



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