

“... we needed to generate funding for Finance initiatives...leveraging a holistic cash management approach, we were able to generate \$2M+ in recurring savings...beyond the numbers, we had established the critical connections between Finance, Legal, the Business lines and Spend Management.”

Fortune 100 Financial Services Executive

Opportunity

Companies achieve value in pursuing savings generated by paying supplier invoices early but have challenges in realizing the benefits. Contracted discount terms are typically limited to a few large suppliers. P-Card programs create savings in exchange for rapid payment, but this represents a small percentage of spend and can be difficult to manage. Commonly, suppliers call for payment, especially at month or quarter end, but you don't have a holistic program to capture the value of releasing payments early.

Solution

A Cash Management solution has been developed to generate real savings within nine months. The business case includes considerations for risk, customer service and efficiency.

The holistic program considers negotiated early payment discounts, P-Cards, duplicate payment prevention, payment release timing and discount auctions for month and quarter end payment requests. Functions addressed included:

- Procurement, AP & Treasury
- Supplier On-boarding
- Payment Policy & Controls
- Duplicate Payment Prevention
- Payment Terms Optimization
- Payment Fraud Prevention

Approach

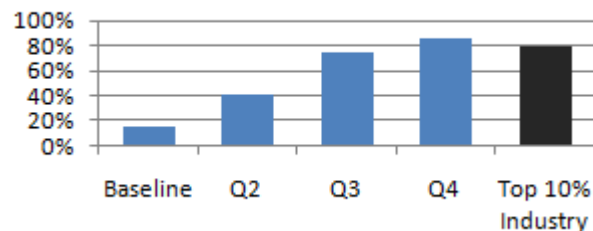
A Governance and Policy framework was developed and approved by the CFOs, Controllers and Procurement.

Supplier spend was segmented to align to the appropriate procurement transaction type across 5 business units, 20,000 suppliers and 2,500 locations.

New payment term optimization procedures were implemented including supplier and stakeholder communications.

The new solution was deployed by spend channel, category and geography over a nine month period.

Solution Adoption Timeline



Results

The initiative met or exceeded defined targets:

- Annual Cost Savings: \$2M+ in recurring cash management savings
- Operational Efficiency: reduced duplicate payment channels for supplier spend
- ROI: initiative costs recovered within six months of deployment
- Regulatory Compliance: twenty control gaps were identified and closed

Get Started

Blackline provides Spend Management advisory and managed service solutions delivered by Spend Management operations leaders – we understand your needs. To discuss your specific needs with one of our advisors, please call [206.861.1630](tel:206.861.1630) or mbrowning@blacklinegroup.com.