



4 REASONS TO HAVE SUPPLY CHAIN FINANCE PROGRAMS OVER ONE PROVIDER

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At present, there is a vast offering of Supply Chain Finance (SCF) related products available in the market from numerous providers, including commercial banks, non-bank financiers and more recently also from fintech companies. Each one has its own way of structuring solutions, financing them and managing them during the existence of the programs.

Companies with working capital financing needs, or with requirements to finance their customers in order to maintain their sales momentum, tend to use various providers, usually including one or more of their house banks. This means having different administration and reporting to manage each program, in addition to having to cope with different interfaces and credit limit management systems on the basis of individually negotiated agreements. Whilst this allows companies to diversify SCF providers, it is neither efficient nor ideal from a practical and strategic standpoint.

In contrast, having a **centralized** approach towards SCF programs has important benefits, particularly if it is driven by a specialized provider that can aggregate funding from a pool of investors and, when required, credit coverage from multiple insurers.

Market evidence shows that there are **4 key benefits** of centralizing all SCF programs over one provider:

- ✓ Have a scalable and flexible solution that adjusts to specific and changing needs
- ✓ Obtain better terms and conditions by increasing bargaining power through larger volume
- ✓ Reduce administration and legal work
- ✓ Enhance operational efficiency

The secret to achieve success and maximize these benefits is the underlying **servicing** of the programs. Ideally, this should be based in a dedicated processing platform that operates with advanced technology which manages complexity and ensures full transparency to all stakeholders. Also, it is important that the chosen servicer is a reputable entity with sound track record and financially strong.

In conclusion, companies that choose to concentrate in one comprehensive provider all working capital financing needs – both in terms of Accounts Receivable and Accounts Payable – are the ones that benefit the most. The funding diversity would be achieved via the multi-investor environment, in addition to the operational, commercial and administrative advantages accomplished, which would be further boosted by the high-technology processing platform.

