

# 3 Great Reasons to take another look at Supply Chain Finance



**Supply Chain Finance has been around for a few years, but it is now gaining real traction as a recognised alternative to generating improved working capital for corporate buyers without impacting their existing debt facilities. In addition, it provides a range of associated benefits for its internal operations and of course, its suppliers.**

Covid has had a dramatic effect on supply chains around the world. It has made corporates think about how robust their supply chains really are and how much influence they have on them and feeling vulnerable that despite their best efforts to meet demand, they may fall short because they simply cannot get the supplies they need.

The relationship between buyers and their suppliers has never been under so much scrutiny from so many perspectives.

A Supply Chain Finance portal can provide a range of benefits for both buyers and suppliers which can address some of those immediate concerns and provide the basis of a stronger and more mutually beneficial relationship.

**Here are 3 great reasons why corporate buyers should consider establishing a Supply Chain Finance portal :**

## 1. Financial Support

Corporate buyers depend on the financial stability of their suppliers to be able to deliver when they need them to. By being able to offer optional early payment to their suppliers then they can provide direct financial assistance to their more vulnerable suppliers and become a valuable source of cashflow for them.

Funding to pay suppliers early can come from new and alternative financial institutions under a structure which does not impact upon the corporate buyers own existing debt facilities. This may also allow the buyer to settle with the financier on extended terms providing additional working capital regardless of whether the supplier seeks an early payment.

## 2. Corporate Social Responsibility

The way buyers treat their suppliers is becoming increasingly important. Reputational risk is a

key consideration for all executive boards these days. It used to be just about treating customers fairly but now this includes suppliers too. In some countries corporates are fined for paying their suppliers late and although this has not happened everywhere, it is now being openly discussed as a consideration.

To be able to offer suppliers an early payment option can remove the criticisms of delayed or late payments. Buyers can offer financial support to those suppliers who need it and the issue of late payment can be removed completely. The buyer can be seen to be clearly fulfilling its CSR when it comes to its suppliers.

## 3. Operational Efficiency

Often the purchase ledger operation often receives less attention than that of sales and getting paid. Accounts payable can be a forgotten part of the business, despite it being the important “other side of the coin” when it comes to cash flow.

With a Supply Chain Finance programme comes an on-line portal dedicated to the transaction status between the buyer and its suppliers. A supplier can submit invoices digitally, follow their status through to payment and intercept issues before they result in a payment delay, all without having to bother the accounts payable team by bombarding them with calls or emails. The implementation of the portal alone can generate significant operating efficiencies even without adding an early payment option.

**Corporate LinX have been delivering Supply Chain Finance solutions for the last 12 years since its inception in 2008. As experts in our field, we pride ourselves on developing a close understanding of the needs of our customers and then delivering world class solutions quickly and efficiently.**

**If you would like to learn more about Corporate LinX and the solutions we can provide then go to our website [www.corporatelinx.com](http://www.corporatelinx.com)**