

Supply Chain Finance



By Zsolt Bircsak

SUPPLY CHAIN FINANCE is a relatively new facility for many Australian businesses – in the recent past it was only available to multi-million dollar businesses – but there are now financiers emerging who are offering variations of these facilities to businesses of all sizes. So what is supply chain finance, and how can it benefit a business?

Supply chain finance is a facility where a financier pays a client business's creditor invoices, either when they are due, or early, allowing the client to pay the financier at a later date. The effect is a reduction in the amount of working capital required to run their (client) business. The amount of reduction in working capital varies with

each business's circumstances, however a complete elimination of working capital can be attainable. What does this mean? It means that a business can access their own funds that have been locked away as working capital and re-invest it into their business (thus allowing the seizure of growth opportunities).

Supply chain finance is useful for businesses that would like to provide payment options to their suppliers so that their supply chain becomes robust, leading to greater reliability and certainty of supply. It is beneficial for businesses that would like extended terms with their suppliers but in doing so do not want to upset their suppliers. Depending on the business and facility chosen, supply chain finance can also simplify a business's accounts payables process by allowing a financier to pay multiple suppliers when payments are due, with the client business settling those invoices with one payment to the financier at a later date.

When searching for a facility to suit yours and your suppliers' needs, it is important to remember that there are large variations in the facilities available on the market,

so you need to do a little research to find the solution that best suits your business. Some important questions that need answering include "Is this particular supply chain finance facility a loan (secured - sit on your balance sheet and impacts your total financing needs) or do the funds sit "off balance sheet" (unsecured – debt free finance)?" "Can I extend my repayment terms to my financier if a supplier doesn't take early payment?" "Can I use this facility for suppliers on COD terms?" "Do I receive a rebate if a supplier takes early payment, and if so, how much?" "Does the facility allow financing to occur on an invoice-by-invoice basis, or is it an "all or nothing" approach?" "Do my suppliers have the flexibility to elect which invoices they wish to have paid early and the timing for early payments?" "Are there any hidden fees and charges?" and "Does this facility require lock-in contracts, or is it a "use as needed" facility?"

When you understand what you want to achieve and find the right solution for your business, both you and your suppliers will can benefit from the right Supply Chain Finance solution.

Extend Credit Terms, Increase Profits and Strengthen Your Supply Chain

Supply Chain Finance is a new and innovative way to manage business cash flows. We connect you and your suppliers so you can collaborate, optimising cash flows for your suppliers and profit for your business, all in real time. Improve your bottom line and strengthen your supply chain at **zero cost to your business**.

For an obligation free consultation on how our Supply Chain Finance solution could benefit your business, contact Zsolt or Kris today.

What's in it for you?

- Increase gross margin and EBITDA
- Extend supplier credit terms
- Preserve working capital
- No borrowing and no security required
- Choose the suppliers you wish to offer early payment to

What's in it for your suppliers?

- Improved cash flow
- Access to early payment on demand
- Eliminate paperwork and contracts
- Non-recourse, non-debt cash payments
- Offer customer terms without trading off invoice payment

Generate up to 9.75% ROI against an off-balance sheet 'credit fund'*



* Terms and conditions apply



Call Zsolt | 0432 866 132
Call Kris | 0419 342 637

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Australia's fastest growing market-place for capital