

SUPPLIER SURVEY

2019

Taulia's annual survey into supplier early payments



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The system [Taulia] is very easy to use and it is a tremendous help in servicing our customers and helping with cash flow.

ED MCLAMB // PRESIDENT // THE MCLAMB GROUP

Introduction

With the ongoing US-China trade dispute and Brexit on the minds of business leaders, 2019 is the year companies are addressing their working capital challenges to thrive, and potentially survive, in 2020.

That said, in an uncertain economic climate, which seems to be slowing down, many companies are turning to working capital optimization programs to access cash and fund transformation. Whilst it's clear that these programs have a positive impact for multinational businesses, how do suppliers respond when their customer decides to implement a new program?

To answer this question and shine a light on the landscape of early payments, we've written a report based on the results of our recent supplier survey. In this survey, 18,543 suppliers replied to a number of questions based around early payments and working capital challenges.

I'd like to personally thank each and every supplier who has taken the time to provide us with this insightful and valuable data. Your input into this survey is crucial in helping us,

and your customers, understand the needs of suppliers – small, medium, and big – all over the world.

I hope you find plenty of food for thought, and action, in the following pages.

Kind regards,



Cedric Bru
CEO // Taulia

Key findings

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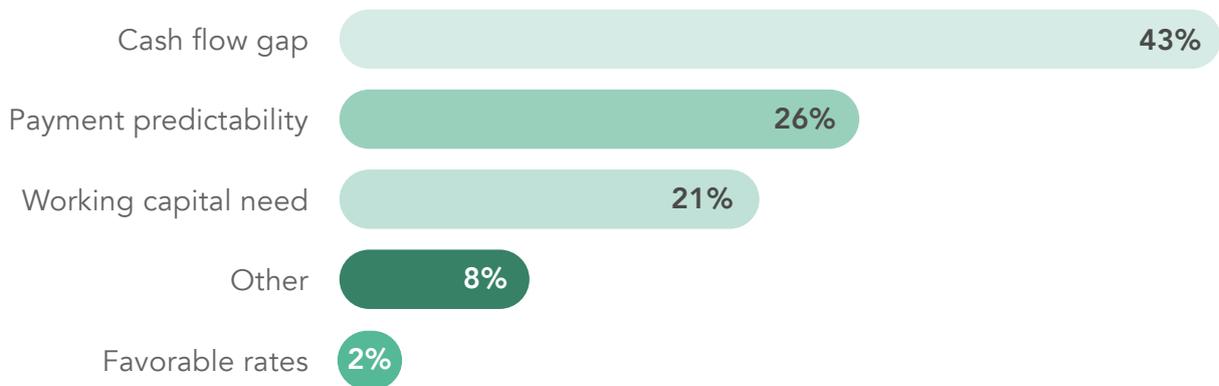
Taulia is a new experience for me and it really bridged the gap between me and my customers in terms of receiving payment updates.

ROTIMI OLIYIDE // SALES // FESTO AUTOMATION LIMITED

Out of the 18,543 supplier reponses



Main reasons why suppliers take early payments



As you can see, cash flow gaps, working capital needs, and payment predictability are some of the main reasons why suppliers take early payments. It is also worth pointing out that some suppliers take early payments in order to reduce their days sales outstanding (DSO) and to meet their seasonal cash targets.

In contrast, only a small percentage of suppliers take early payments because of the rates. Some early payment programs operate using an auction model, with suppliers 'bidding' by indicating what discount they will offer in exchange for early payment. What this data suggests, however, is that suppliers much prefer the certainty and predictability associated with a non-auction program.

Approach to the research

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It is a flawless system. Customer issues a PO, we do the project, I invoice. We post on Taulia and receive payment on time. What more could you want?

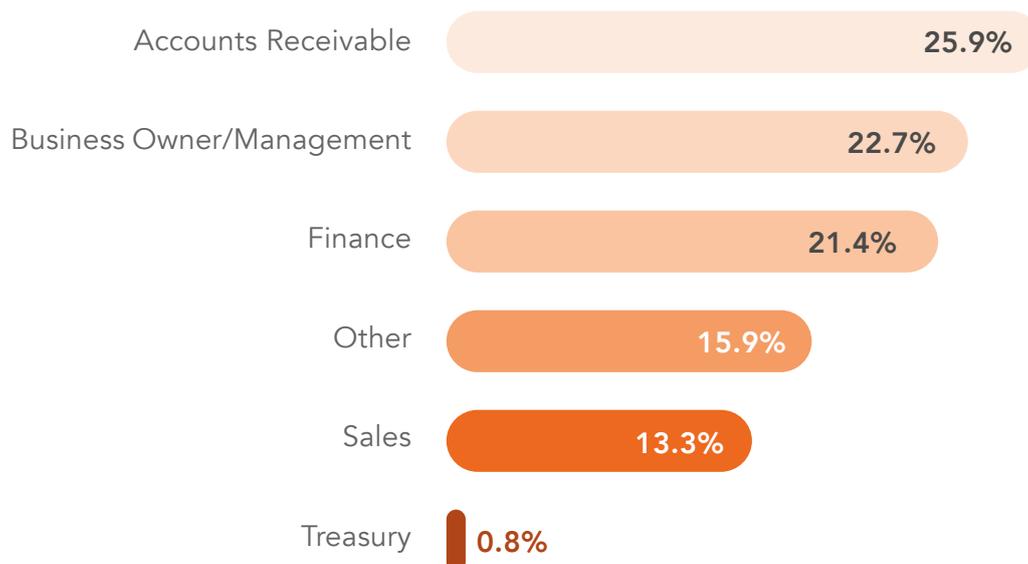
CLEO BASS // COO // M. C. BASS ELECTRICAL CONTRACTOR

» **Over 170,000 suppliers were contacted.** The survey was conducted in September and October 2018 by email.

» **18,543 suppliers responded to the survey.** The suppliers who replied to the survey span across Europe, Asia and North America, and the revenue of these suppliers ranges from under \$10M to \$5B.

» **A variety of different job roles.** The people we surveyed were from finance, sales, accounts payable, accounts receivable, and treasury departments.

A breakdown of the supplier demographics...



Main themes from the survey



1. The business challenges suppliers aim to solve by taking early payments



What we have found

In our survey, we found that 43% of suppliers take early payments to solve their cash flow gap. Furthermore, we discovered that 21% of suppliers take early payments to address their working capital needs and 26% take early payments for payment predictability.

54%

of suppliers are interested in taking early payment in
2016

61%

of suppliers are interested in taking early payment in
2017

62.3%

of suppliers are interested in taking early payment in
2018

What does this mean?

The findings show that the availability of early payments solve a lot of business challenges for suppliers - especially working capital related ones. They also show that early payments provide suppliers with much-needed certainty around getting paid, which is becoming increasingly important in a volatile and unpredictable economic climate.

The data also shows that there has been an 8.3% increase in suppliers who are interested in taking early payments since 2016. A potential reason for this growth could be that suppliers are now more aware of early payment programs and, not to mention, need cash to survive in a hyper-competitive market. As 2019 is the year companies must address working capital challenges to survive and thrive, it's essential suppliers are informed about the ways in which they can improve their cash flow.

2. The average time and date that suppliers ask for early payments



What we have found

When asking suppliers what time and date they take early payments to hit their financial goals, we found that 25% of suppliers take early payments monthly, 8% take early payments quarterly or seasonally, and 5% take early payments at their fiscal year-end.

QUESTION: Do you accelerate payments at the end of the month, season, or quarter in order to help you achieve your financial goals?

The table below shows a full breakdown of the results.

ANSWER CHOICES	RESPONSES
Yes, monthly	25%
Yes, quarterly or seasonally	8%
Yes, at our fiscal year-end	5%
Rarely	26%
Never	27%
I'm not sure	9%

What does this mean?

It is crystal clear that some suppliers do take early payments monthly in order to achieve their financial goals, as we can see from the data. It is worth noting however, that over 50% of the suppliers surveyed rarely or never accelerate payments. What this suggests is that suppliers don't accelerate payments to achieve their long-term financial goals, but perhaps instead to address their immediate cash flow needs.

3. The opportunity for both buyers and suppliers to benefit from early payments

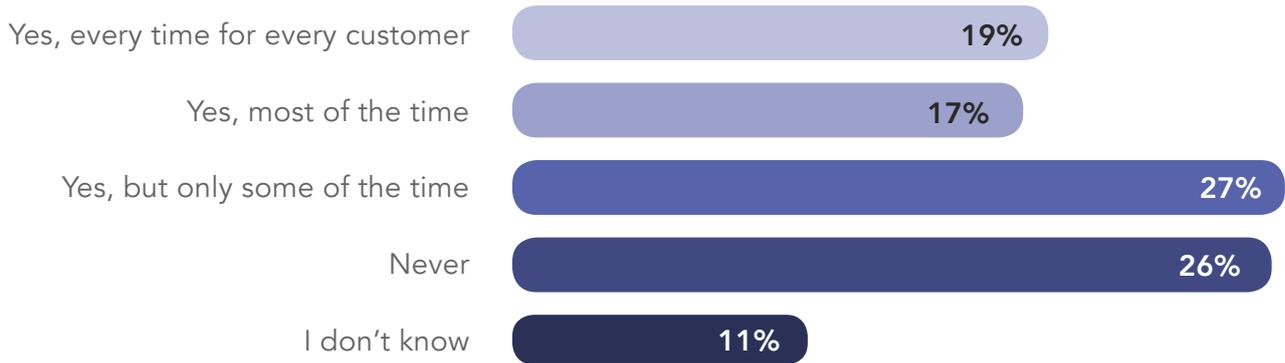


What we have found

Roughly 63% of suppliers are interested in being paid as soon as their invoice is approved, instead of waiting for the net due date. In contrast, the data also indicates that 26% of suppliers would never consider being paid early. And 11% of suppliers didn't know whether they would be interested in taking early payments.

QUESTION: Are you interested in being paid as soon as an invoice is approved instead of waiting for the net due date in exchange for a small discount on the invoice's value?

The graph below shows how the majority of suppliers are interested in being paid as soon as their invoice is approved, in exchange for a discount on the invoice's value.



What does this mean?

There is a real opportunity for both suppliers and buyers. If a buyer can successfully communicate the benefits of early payments to their suppliers, there will be a huge opportunity for buyers to strengthen their own working capital standing - and for suppliers to access liquidity as and when they need it.

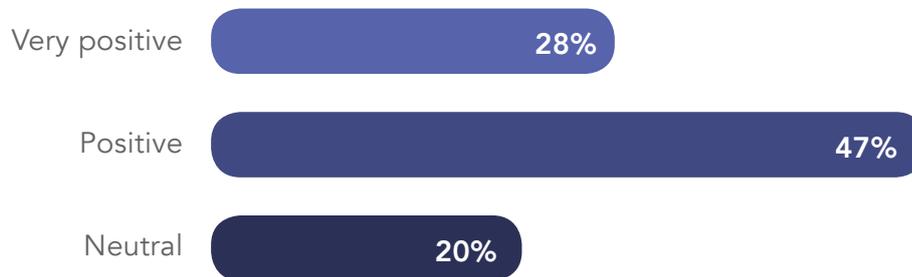
4. The overall verdict of suppliers who use Taulia to accelerate payments



What we have found

For the first time in the history of our survey, we asked suppliers how they felt about the usability of our platform and using Taulia to accelerate early payments.

A deeper look at the results...



The results show that around 95% of respondents gave Taulia a 'neutral', 'positive', or 'very positive' score. This means that not only do suppliers like using Taulia for its usability, but they also appreciate the wider benefits of an early payment program, which are listed below.

The benefits of an early payment program for suppliers:

- » **Improved transparency into payment processes** for both buyers and suppliers.
- » **Greater certainty on payment** as suppliers choose when they receive payment.
- » **Improved cash flow** as suppliers have access to liquidity as and when they need it.
- » **Stronger relationships with buyers** and less time focused on chasing for payment.

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It was easy to register on Taulia, and I get notifications about POs and payments. The interface is also user-friendly and I prefer Taulia to the previous portal my client Halliburton used.

JUDITH BENZIE // FINANCE AND ADMIN SUPERVISOR //
DOMINION OILFIELD SERVICES

“

We are always paid in a timely manner and appreciate the statements that we receive to keep track of payments as they come in.

LAURA // ACCOUNTS RECEIVABLE // TELETEK STRUCTURES INC

“

I find Taulia smooth and user-friendly. I've had minimal issues with the platform in the 6 years I've used it. It makes my life easy.

SHARIF THOMAS // ACCOUNTING ASSISTANT //
CELERITY CONSULTING GROUP

Conclusion

With 62.3% of suppliers wanting to be paid early, the results of this survey are a clear indication of the voracious appetite for cash in a hyper-competitive and somewhat unpredictable climate. Not to mention, with 38.8% of suppliers being paid late in 2018, the results also indicate that there is a huge opportunity for early payment programs to eradicate late payments to suppliers.

In 2019 and beyond, we expect to see more businesses implementing working capital programs to survive and thrive in the digital era. In addition, we expect to see more businesses choose technology providers, instead of banks and traditional providers to deliver these programs. This shift will have a transformative effect on the way suppliers manage their invoices and, ultimately, get paid.

What's next?

If you're a buyer...

... who has a vast network of suppliers, you might like to consider implementing an early payment program to support your supply chain. By doing this you will be able to offer every supplier in your supply chain the ability to address their own cash flow needs. Read Taulia's [Guide to Working Capital Optimization](#) and learn how to put in place an innovative early payment program.

If you're a supplier...

... and you're getting paid late, stop what you're doing right now. Present this survey to your buyer to show the genuine thirst for early payments from suppliers around the world. This could be your first steps towards getting paid as and when you need - instead of dealing with lengthy payment terms, chasing for payments, and, worst of all, late payments.



Taulia delivers working capital solutions that make it easy for businesses to free up cash, accelerate payments, and improve supply chain health.

Since founding in 2009, we've envisioned a world where every business thrives by liberating cash. Today, our game-changing technology powers a network connecting 1.6 million businesses across 168 countries and has accelerated more than \$100 billion in early payments.

Using our AI powered platform, businesses now have the option to choose when and how to pay and get paid. It sounds simple, but our painless process provides both buyers and suppliers the chance to rocket their cash - cash to fuel economic growth all over the world.

It's win-win for everybody.