



SUPPLIER SURVEY

2023|24

Taulia's annual survey into supplier behaviors

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Introduction

Each year, our survey of suppliers on the Taulia platform brings a greater understanding of the economic challenges and opportunities businesses across the world are facing – and this year was no exception.

Central banks repeatedly hiked interest rates in an effort to bring inflation under control, resulting in new challenges for companies seeking funding for their businesses. At the same time, worsening geopolitical tensions and extreme weather events brought additional pressures for supply chains around the world.

Against this backdrop, this year's Supplier Survey is more important than ever, providing a snapshot of the challenges faced by businesses around the globe and the steps they are taking to overcome them. 11,353 businesses took part in the 2023 survey, from small businesses to large corporations.

Their responses were telling. While inflation may have subsided in recent months, half of the businesses we surveyed identified it as a top concern for the coming year. But almost as many suppliers were focusing on growth, and the majority are facing the coming year with a sense of optimism.

This is promising news. With business optimism being on the rise across geographies, industries, and business sizes, there is perhaps a developing hope that the threat of recession is now behind us and that we can look forward to business growth across the globe.

My thanks to each and every person who took part in this year's survey – your insights are invaluable in helping us understand the challenges you are facing and the role that Taulia can play in supporting your future success.

Kind regards,

Cedric Bru
CEO | Taulia





Demographics

Suppliers were surveyed in November 2023, with 11,353 businesses participating (over 11,900 responses) – a 24% increase compared to the 2022 survey.

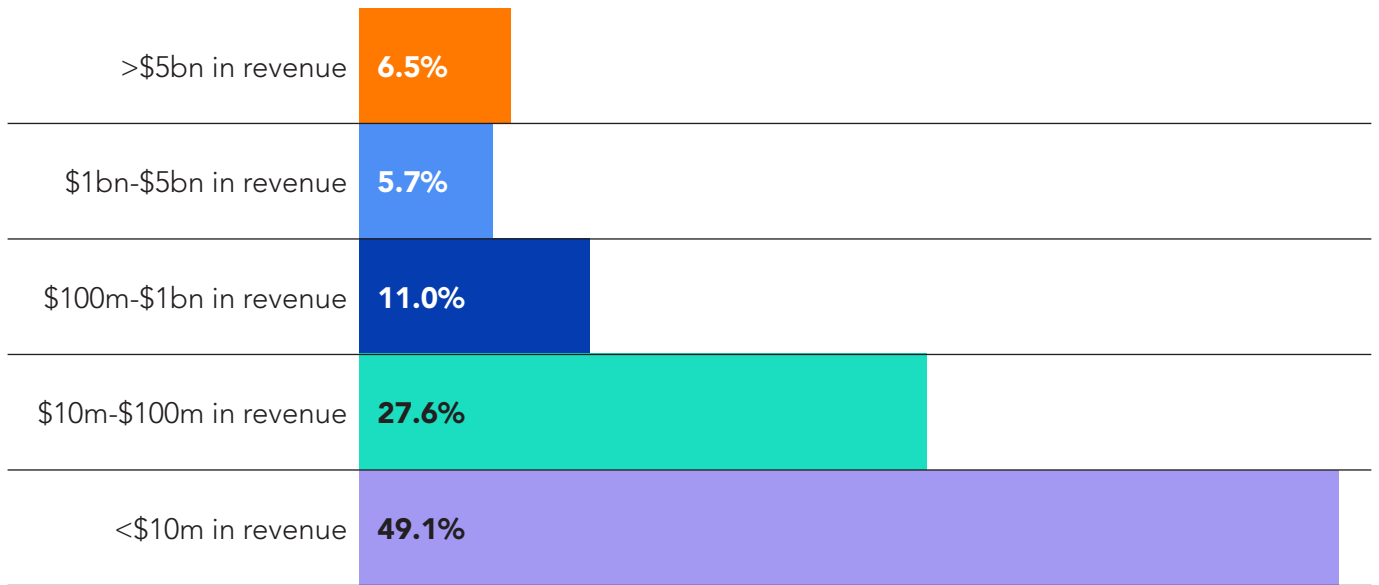
Respondents spanned the globe, with 132 countries represented.

Respondents encompassed a variety of job roles, including accounts payable, accounts receivable, business owners, finance, sales, and treasury departments.

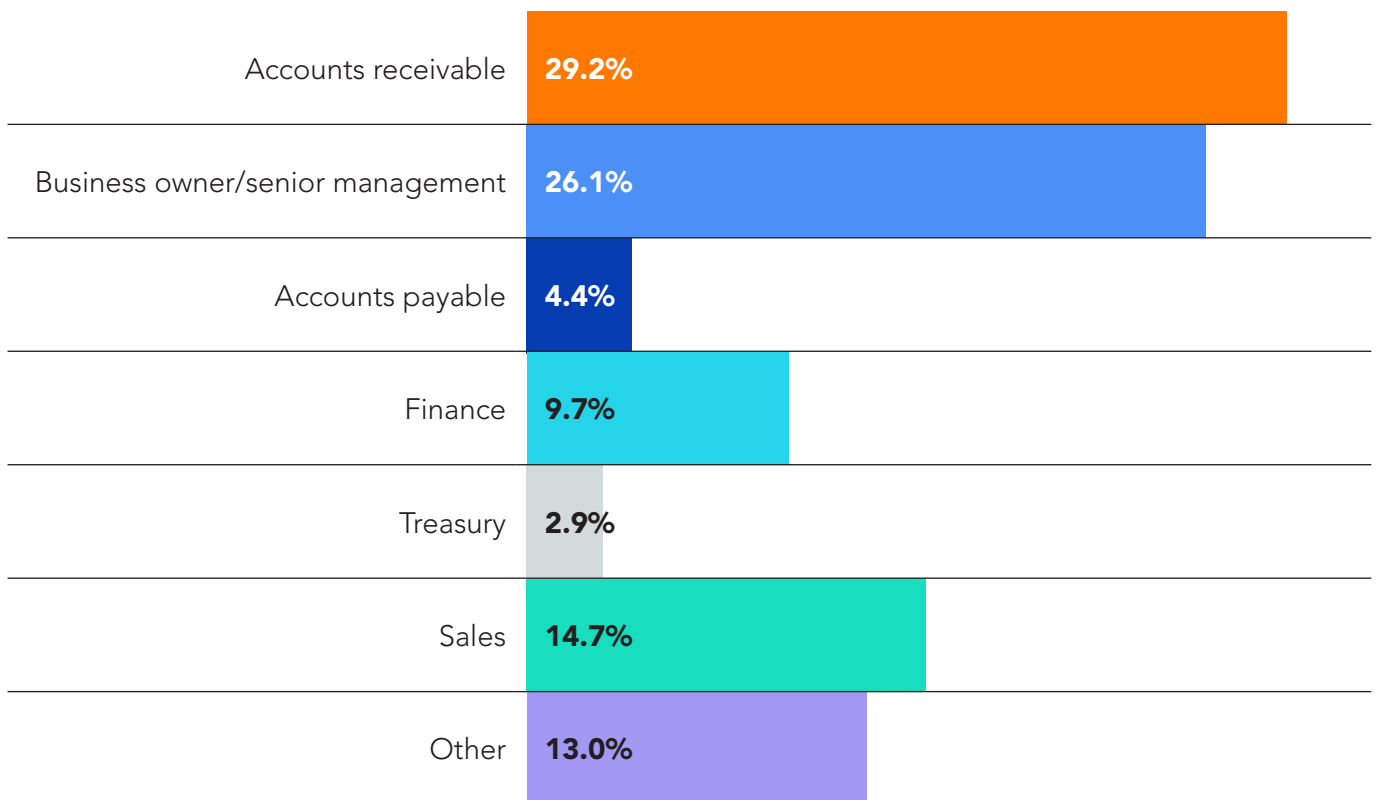
Almost half of the responses (49%) were from small businesses with annual revenues of less than \$10m, while 7% were from enterprises with revenues above \$5 billion.



Supplier demographics by company size...



Supplier demographics by role...



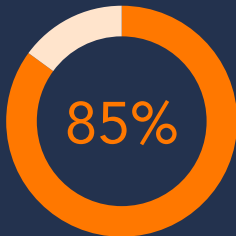
Key findings

Following a challenging year defined by inflation, geopolitical uncertainty, and supply chain disruption, it's pleasing to see that the businesses on our network are feeling so optimistic about the year ahead.

Bob Glotfelty
Chief Growth Officer |
Taulia

11,968 respondents told us...

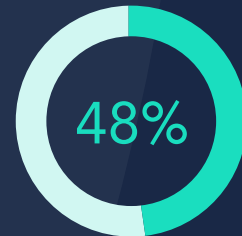
- Companies are viewing the business environment in the coming year with positivity.
- Suppliers are seeking to manage the challenge of high inflation while pursuing growth ambitions.
- Late payments to suppliers are once again on the rise.
- More suppliers are interested in early payments.
- Bridging a cash flow gap is the leading reason for taking early payments.



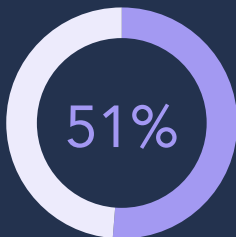
are optimistic about the year ahead.



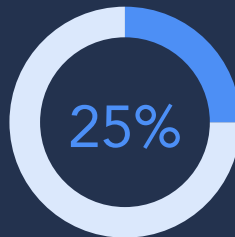
are concerned about inflation.



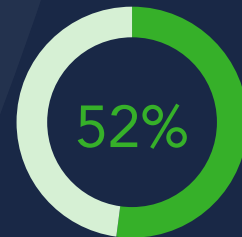
are focusing on growth.



are paid late by their customers on average.



are interested in taking early payments every time and for every customer.



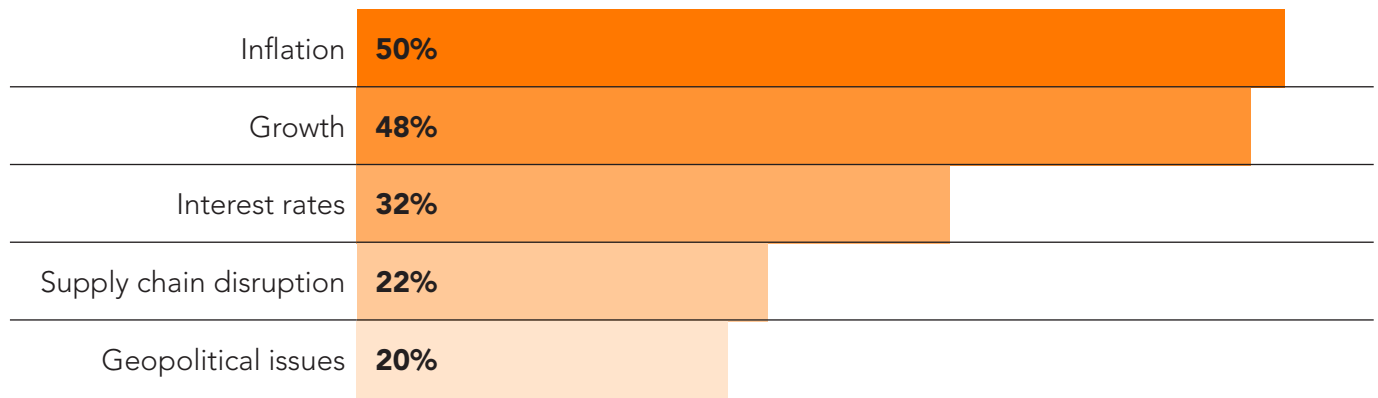
use early payments to address cash flow gaps.

Main themes from the survey



Suppliers are striking a balance between managing high inflation and pursuing growth

What topics are top of mind for you in the year ahead?



Despite another year defined by global uncertainty, supply chain disruption and geopolitical tensions, most suppliers are viewing the year ahead positively.

In this year's survey, 85% of suppliers reported that they are feeling optimistic about the year ahead, up from 60% in 2022. Almost 60% said they were very optimistic, while only 10% felt pessimistic last year. As such, it's no surprise that almost half of suppliers (48%) are focusing on growth.

Tackling inflation and higher interest rates

At the same time, however, suppliers are also facing the prospect of macroeconomic challenges in the year ahead. When asked which topics were top of mind in the year ahead, 50% mentioned inflation, while almost a third of suppliers said they were concerned about interest rates.

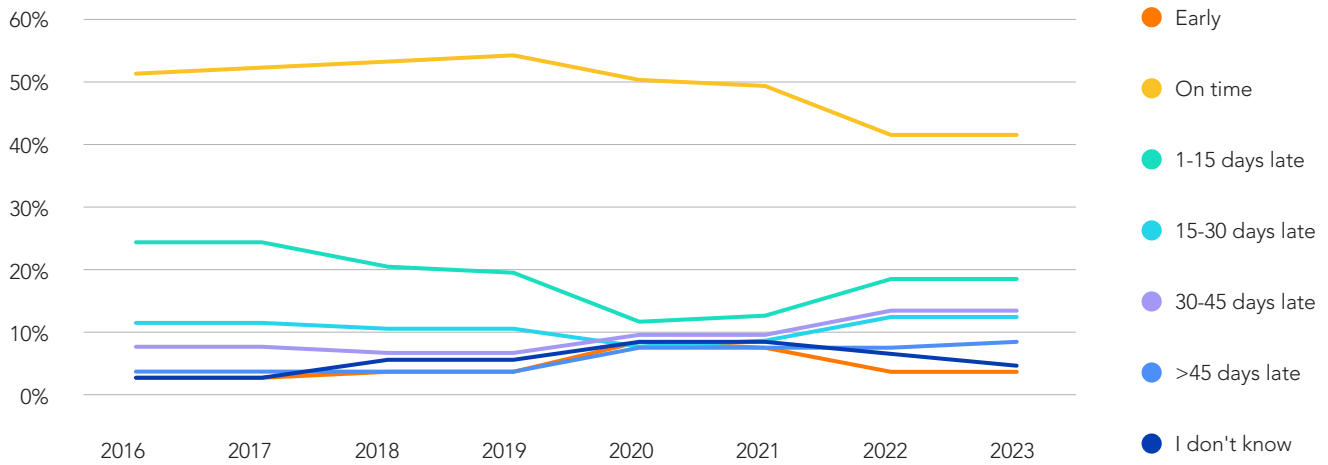
While inflation may have subsided from the record highs seen in 2022 in markets such as the US and the UK, inflation remains notably higher than target rates, bringing challenges around the costs of raw materials and energy costs.

Other concerns cited by suppliers include supply chain disruption (22%) and geopolitical challenges (20%).



Late payments are once again on the rise

On average, when do your customers pay your invoices?



Late payments from buyers continue to present a challenge for suppliers. Between 2016 and 2019, our supplier surveys showed that late payments were gradually reducing – but in the last couple of years, this trend has reversed, with more suppliers than ever before now experiencing late payments.

This year, over half (51%) of the suppliers polled reported that, on average, they receive payments late from their buyers, up from 50% last year and 36% in 2021. Over a fifth of suppliers receive payments more than 30 days late. Reports of buyers paying more than 45 days late have also been creeping up in recent years, from 3% in 2019 to 8% in 2023 – the highest level recorded since the survey began.

At the same time, fewer suppliers are getting paid early by their buyers:

- Only 3% of suppliers reported that they receive payment early, reverting to historical patterns after the higher levels of early payments reported in 2020 and 2021.
- The portion of suppliers receiving payment either early or on time has fallen from 56% in 2021 to 44% in 2023.

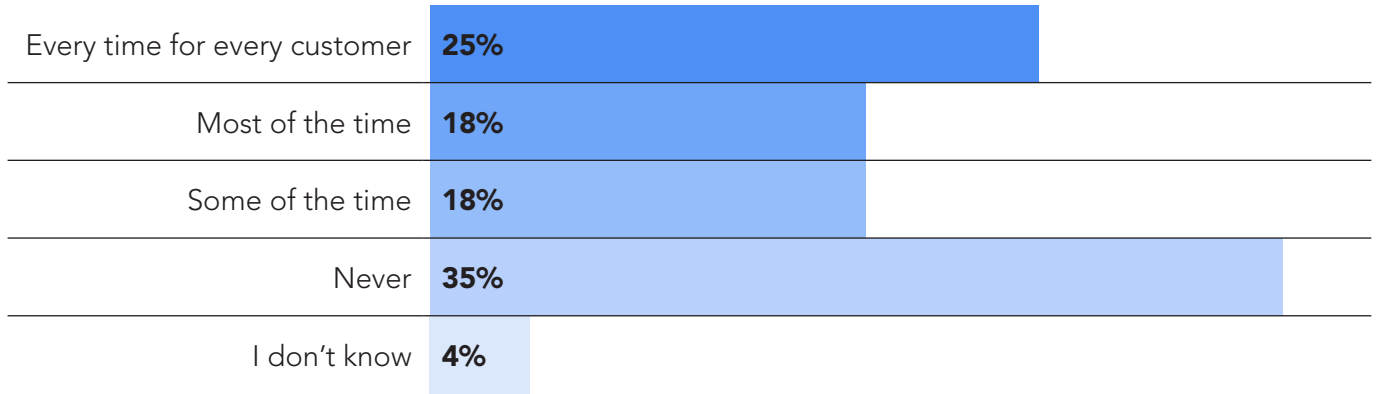


Impact of inflation on late payments

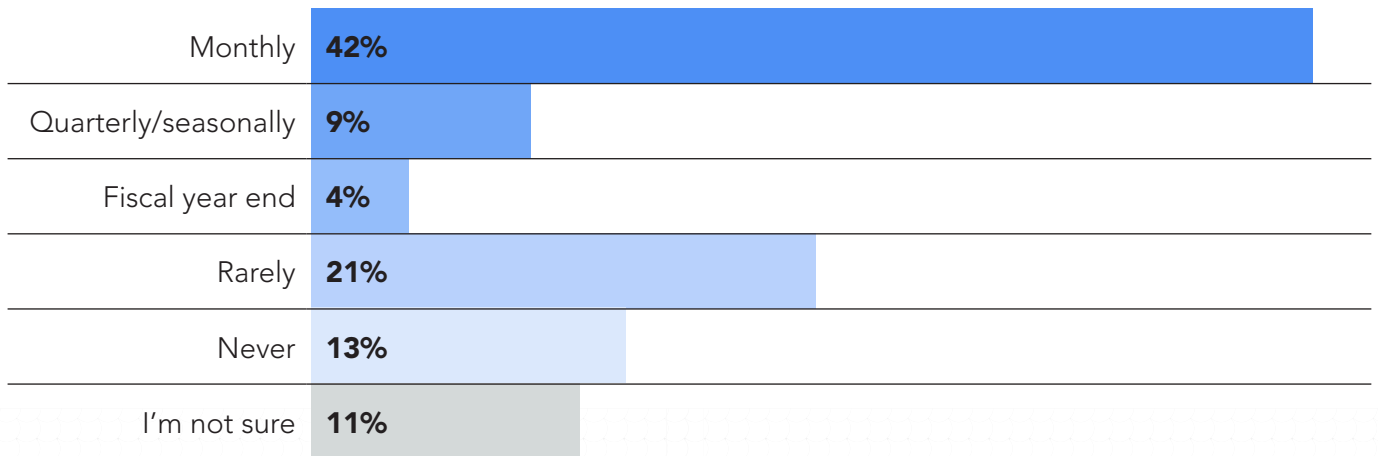
In any business environment, late payments can place a significant strain on suppliers' cash flow and working capital. In a higher inflationary environment, the challenge presented by late payments is even more significant: if an invoice is paid months late, the value of the funds received will be less than when the invoice was issued.

Interest in early payments continues to increase

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 reduction of the invoice's value?



When do you usually accelerate payments?



Suppliers that accelerate their receivables every time and for every customer

2016	2017	2018	2019	2020	2021	2022	2023
13%	15%	19%	12%	22%	22%	20%	25%

Given the proliferation of late payments, it's no surprise that increasing numbers of suppliers are interested in accessing early payments with Taulia's platform, even in the context of higher interest rates.

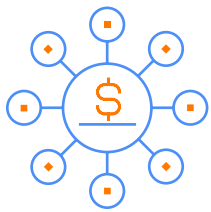
A quarter of this year's respondents reported that they are interested in early payments every time and for every customer, up from 21% in 2022. And 61% stated that they are interested in taking early payments at least some of the time, up from 59% last year.

Suppliers are also taking early payments more frequently than in previous years. 42% said they usually accelerate payments on a monthly basis, up from 39% in 2022.



Impact of rising interest rates on participation in early payment programs

Taulia's data shows that the rising interest rate environment has not had a noticeable effect on how suppliers use supply chain finance and dynamic discounting programs.



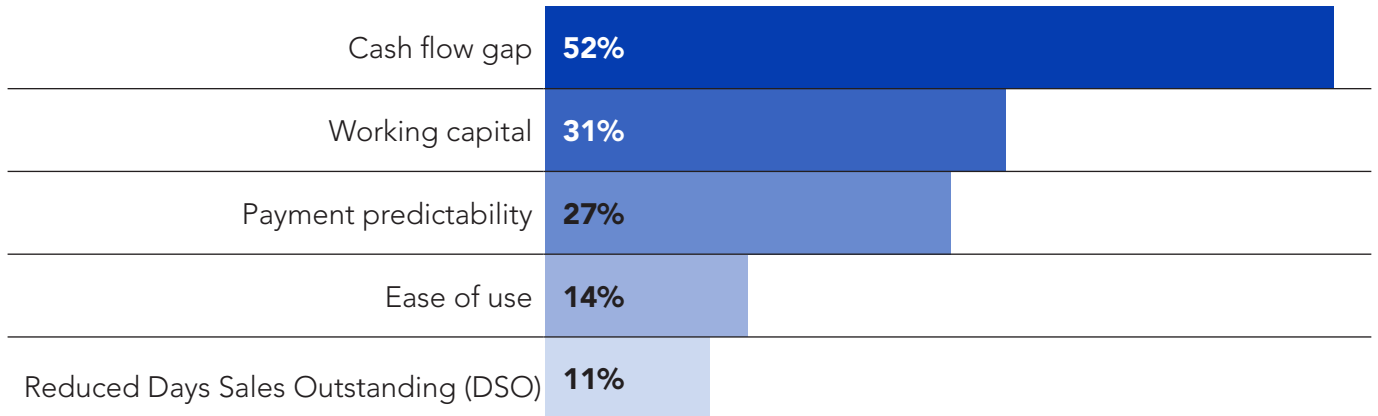
Programs often have variable rate pricing, tied to indexes which have increased substantially. While the pricing for suppliers has likewise increased substantially, we have seen no effect on supplier participation in these programs.



For fixed rate programs, recent increases in interest rates have not changed the parameters enough to warrant higher supplier pricing. For low-rate programs, in which the cost of capital relates looks more like the buyer's cost of capital, pricing for suppliers has increased, but with minimal supplier churn.

Suppliers take early payments to address cash flow gaps and working capital needs

What business challenge(s) do you solve with early payments?



As in previous years, the top reason suppliers gave for taking early payments was to fill a cash flow gap – a situation that can occur when companies need to pay their own suppliers before receiving payment from their customers.

This year, over half of respondents cited a cash flow gap as the reason for taking early payments. Meanwhile, 31% cited working capital needs, up from 26% last year. Payment predictability was another common reason for accessing early payments.

Over half of suppliers take early payments in order to fill a cash flow gap

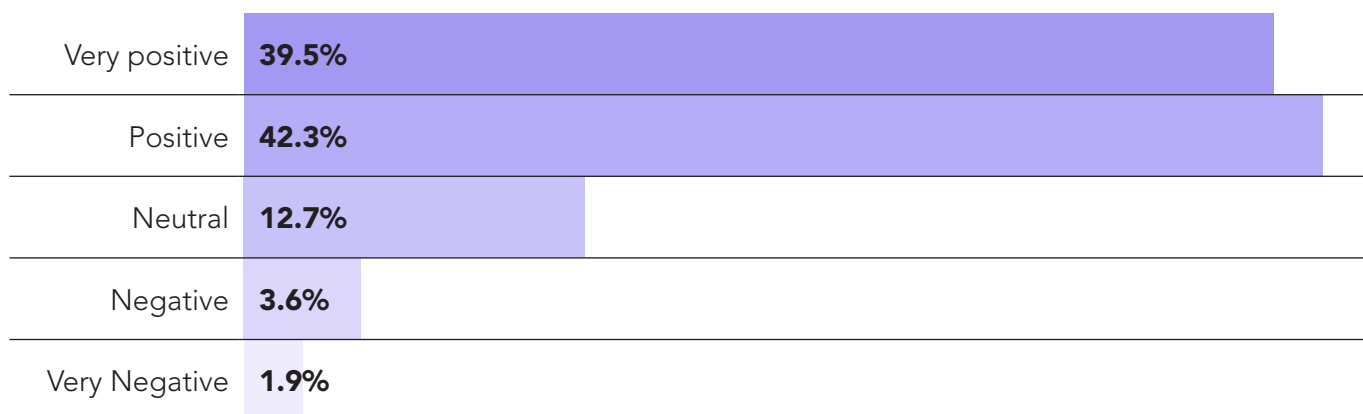
Supporting growth

With almost half of the suppliers surveyed focusing on growth, cash flow remains vital as a means of ensuring the smooth operation of businesses. At the same time, rising interest rates and a higher cost of capital are making it harder for small businesses to access the funding they need to fuel growth.



Suppliers report a positive experience of using Taulia's platform

Which of the following best describes your experience with Taulia?



Finally, suppliers rated their experience of using the Taulia platform. 95% described their experience as neutral, positive, or very positive. And as in 2022, more than eight out of ten rated their experience as positive or very positive.

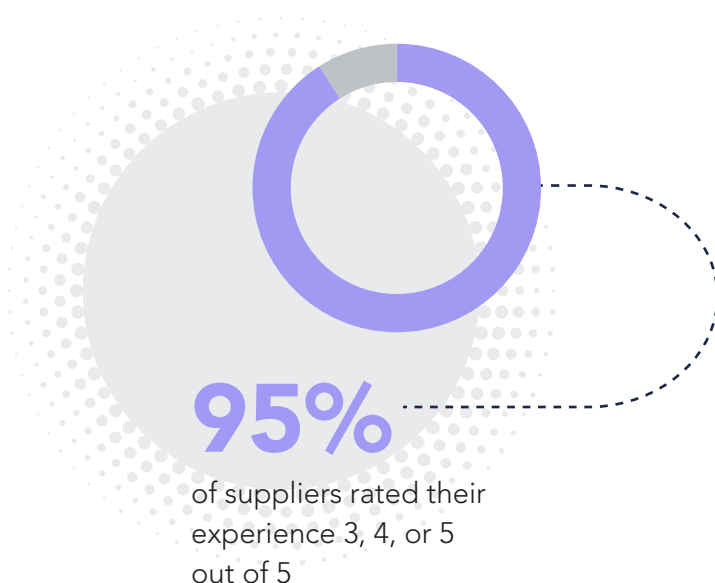
Suppliers' ratings of the platform were also analyzed on a scale of 1 to 5, with 1 being very negative and 5 very positive. Companies with revenues of less than \$10m reported an average

experience score of 4.14, with corporations with over \$5bn in revenues reporting an average score of 4.17.

Across all company sizes, experience scores were either the same as or higher than in 2022 – a reflection of Taulia's ease of use, as well as our ongoing investment in our people and best-in-class technology, with the support of SAP.

Experience score by company size (where 1 is very negative and 5 is very positive)

	2022	2023
>\$5B in revenue	4.16	4.17
\$1B-\$5B in revenue	4.15	4.25
\$100M-\$1B in revenue	4.12	4.14
\$10M-\$100M in revenue	4.15	4.15
<\$10M in revenue	4.10	4.14



Conclusion

Suppliers around the world are all too familiar with the challenge presented by late payments. This year's survey showed that more buyers than ever are paying suppliers late, or in some cases very late. So it comes as no surprise that more suppliers are interested in the option of accelerating their payments, and in doing so more regularly than in previous years.

By taking early payment through Taulia's platform, suppliers have the opportunity to bridge cash flow gaps, meet working capital needs and increase the predictability of their accounts receivable, making it easier to navigate business challenges and economic volatility. Buyers, meanwhile, can use early payment programs to increase the resilience of their supply chains and improve their relationships with suppliers.

As such, despite the macroeconomic and political challenges of the last year, early payments taken through Taulia's platform have remained stable – a clear indication of the value of the platform for both buyers and suppliers.

Looking forward to the year ahead, it's clear that suppliers will be seeking to mitigate the challenges brought by inflation and higher interest rates, while also setting their sights on growing their businesses. With access to early payments through a technology platform, suppliers of all sizes will be better placed to achieve these goals, both by mitigating the impact of inflation on their outstanding invoices, and by freeing up the cash needed to fuel growth.



