



Supplier Survey

2023

Taulia's annual survey into supplier behaviours

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Introduction

Companies around the world are facing multiple headwinds, from the impact of record inflation and a higher interest rate environment to ongoing concerns about geopolitical stability. At the same time, supply chain disruption continues to affect companies' operations.

Since 2014, Taulia's annual supplier survey has collected data from the suppliers that access early payment solutions using our platform. This year, the survey received over 9,600 responses, with companies ranging from small and medium-sized enterprises (SMEs) to large corporations with revenues of over \$5 billion. This year's respondents shared valuable insights into the business challenges they face today and how and why they are accessing early payments.

Notably, the survey reveals that more suppliers are being paid late by their customers than at any time in the last eight years. However, it's vital that businesses do not forget the lessons learned during the pandemic. Namely, the importance of providing suppliers with working capital support.

I would like to thank all those who have contributed to this year's survey. Your insights are invaluable in shining a light on the difficulties suppliers face in today's environment and how accelerating payments can help companies access much-needed working capital.

Kind regards,

Cedric Bru
CEO | Taulia



Demographics



Suppliers were contacted in November 2022, with more than 9,600 responding to the survey.



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



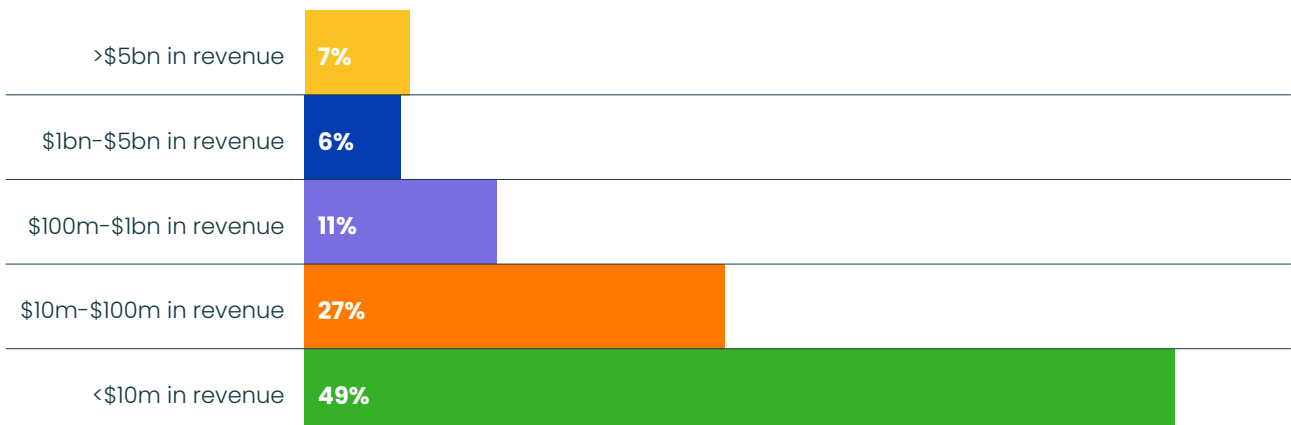
Respondents spanned the globe, with responses stemming from 131 unique countries.



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

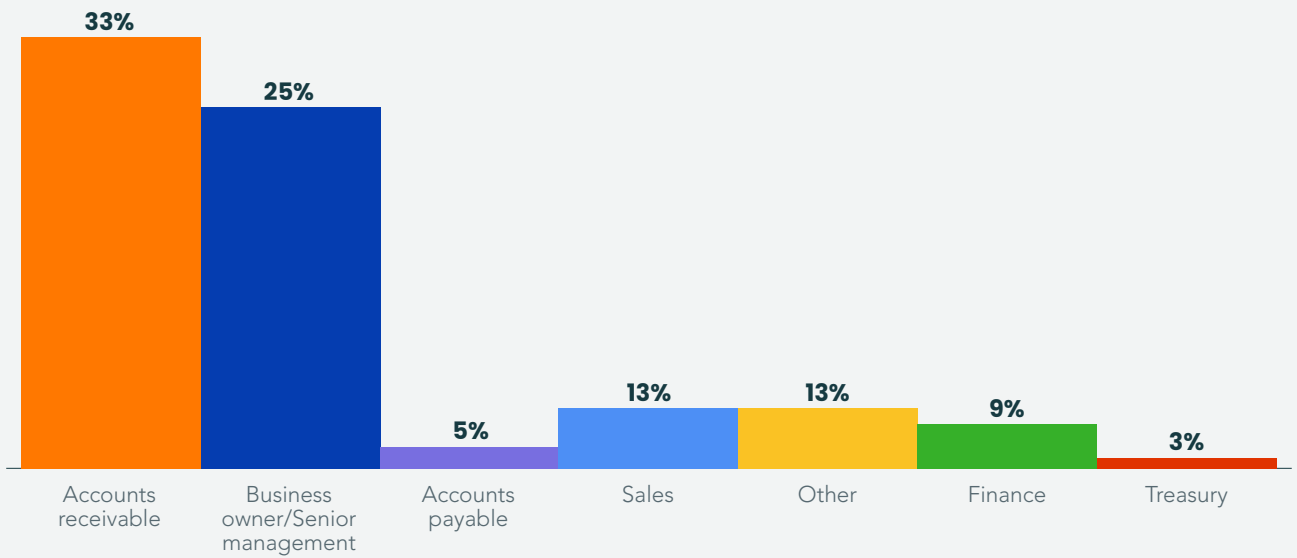


Supplier demographics by company size...





Supplier demographics by role...



Key findings

9,600

survey from suppliers revealed the following key findings...

Late payments are on the rise, while fewer customers are paying early.

50%

of companies are paid late by their customers. **3%** are paid early, down from **7%** by 2021.

Suppliers remain optimistic about the business environment.

60%

see the business environment as positive/very positive in the next six months.

Suppliers use early payments to bridge cash flow gaps.

48%

of suppliers said they address cash flow gaps with early payments.

More suppliers are using early payments at least some of the time.

77%

access early payments on at least some occasions, up from **64%** in 2021.

- **13%** never accelerate their receivables – the lowest percentage since the survey began.
- **59%** are interested in using early payments at least some of the time.



Main themes from the survey

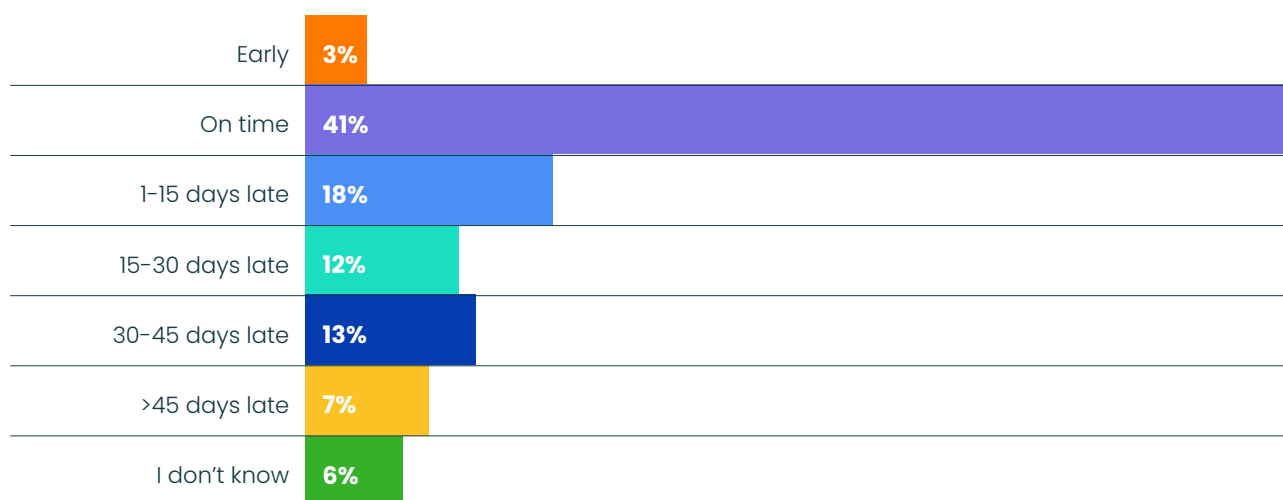
1 More suppliers are affected by late payments

This year's survey revealed that 50% of suppliers are now being paid late by their customers - the highest percentage since our survey began in 2014, and a sharp rise on the 36% of suppliers that were receiving payments late in 2021.

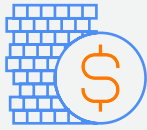
Much of this increase was seen in the number of suppliers receiving payment up to 30 days late. However, a fifth of suppliers said that they are paid 30+ days late, up from 16% a year earlier.

Meanwhile, the percentage of suppliers being paid early by their customers has fallen from 7% in 2021 to 3% in 2022, marking a return to pre-pandemic levels.

Payments from buyers



	2020	2021	2022
↓ Suppliers being paid early	8%	7%	3%
↓ Suppliers being paid on time	50%	49%	41%
↑ Suppliers being paid late	34%	36%	50%
↑ I don't know	8%	8%	6%



43%

of companies are paid up to 30 days late – up from **29%** in 2021.



41%

of companies are paid on time, down from an average of **51.5%** over the last five years.



During the pandemic, more businesses took action to protect their supply chains by paying suppliers early. Our findings suggest that this trend has now reversed, with businesses once again taking steps to protect their own working capital.

Recent research commissioned by Taulia highlighted the challenges businesses face in an inflationary environment, with 83% of respondents concerned about the impact of inflation. In particular, 35% are concerned about rising energy costs, 29% cited higher raw material and hard commodities costs, and 28% mentioned the heightened cost of suppliers.

In an inflationary environment, the value of cash is greater in the present than it will be in the future – meaning that suppliers have even more to gain by taking advantage of early payments. For buyers, meanwhile, early payment programs offer a way to improve the resilience of the supply chain and strengthen relationships with suppliers.

2

Suppliers remain optimistic about the business environment

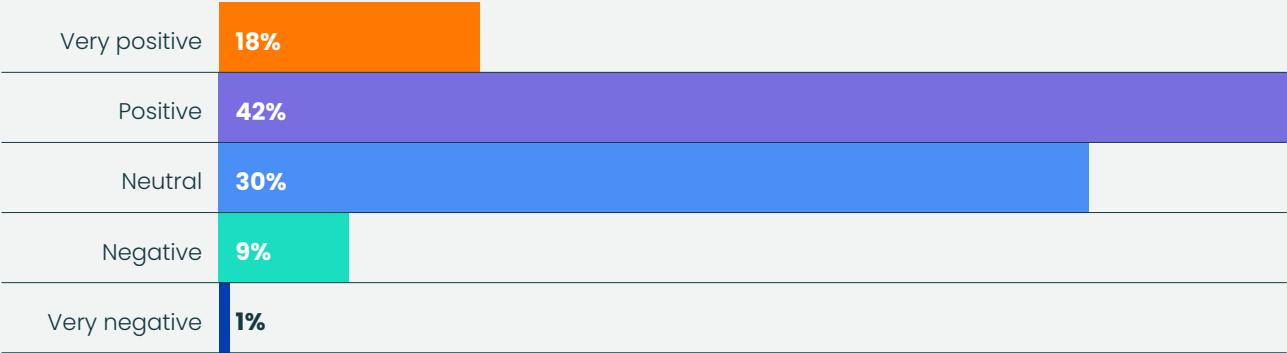
Despite the recessionary environment, the survey found that the majority of suppliers were optimistic about the business environment in the coming months.

Six out of ten said they were positive or very positive about the business environment in the next six months. Meanwhile, only 10% said the outlook is negative or very negative.



Question

What is your outlook on the business environment in the next 6 months?



Nevertheless, suppliers do expect to see an increase in the cost of borrowing in the next 12 months. Forty-two percent of suppliers expect the cost of borrowing to rise in the coming year, with 7% expecting an increase of over 10%. Only 3% predicted that the cost of borrowing will fall.

Amid concerns about the cost of funding, early payments offer suppliers a way to invest in growth, meet their working capital needs, and overcome cash flow gaps.

3

More suppliers are accelerating payments

With suppliers facing greater challenges with late payments from their customers, it's unsurprising that this year saw more respondents stating they are interested in using early payments at least some of the time (59%, up from 55% in 2021). Meanwhile, the portion of suppliers that replied 'never' has fallen slightly from 37% in 2021 to 35% in 2022.



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 reduction of the invoice's value?

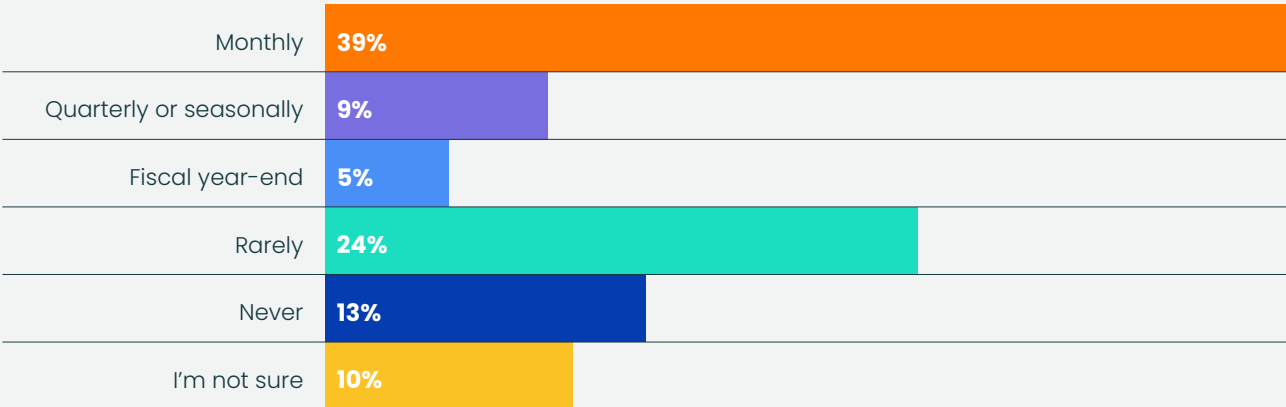


The survey also asked suppliers how often they access early payments in practice.



Question

When do you usually accelerate payments?





While the percentage of suppliers taking early payments on a monthly basis is only slightly higher than the 38% recorded in 2021, it's clear that more suppliers are accessing early payments at least some of the time.

More than half of suppliers are accessing early payments regularly, while 77% are accessing early payments on at least some occasions - up from 64% in 2021. Conversely, only 13% said that they never accelerate their payments, continuing the downward trend we have seen in recent years. This highlights suppliers' increasing interest in controlling their accounts receivable processes and cash flow.

Suppliers that **never** accelerate their receivables

2016	2017	2018	2019	2020	2021	2022
33%	34%	26%	26%	22%	22%	13%

On another note, the results highlight the different ways that suppliers may choose to accelerate their receivables. While 39% of suppliers access early payments on a monthly basis, almost a quarter do so only rarely - indicating the value that early payments can offer both as a regular option and as a solution to address ad hoc cash flow and working capital needs.

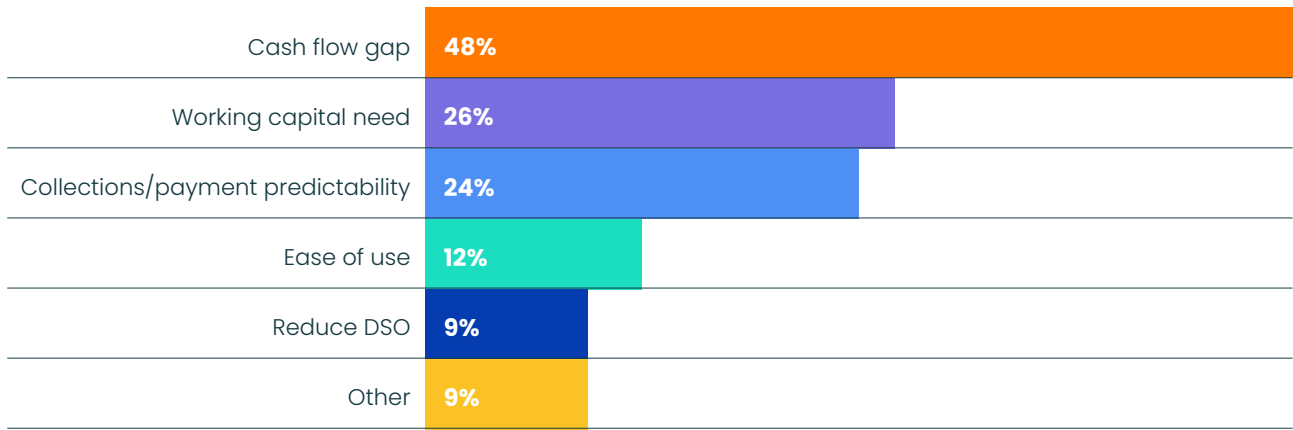
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Business challenges solved by early payments

As in previous years, addressing cash flow gaps was the leading motivation for suppliers choosing to access early payments. Almost half of the respondents (48%) cited cash flow gaps as a reason for accelerating their receivables - only slightly less than the 49% recorded in 2020 and 2021.

A working capital need had risen in importance as a motivator, cited by 26% of suppliers compared to 21% in 2021. Likewise, 9% of suppliers said they use early payments to reduce DSO, up from 7% the year before.

Reasons for taking early payments...



The business environment has changed considerably in the last couple of years, with the challenges of the pandemic giving way to concerns about inflation and recession, as well as ongoing supply chain disruption risks.

Indeed, research carried out by Opinium on behalf of Taulia found that 42% of businesses cited inflation as the top challenge in the coming year, followed by a lack of inventory/supply chain disruption (30%) and managing cash flow to maintain a positive cash position (26%).

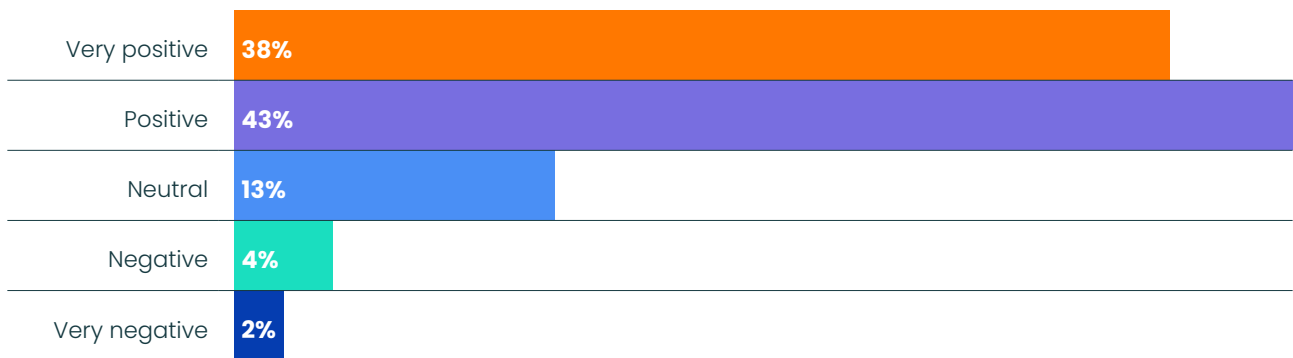
While the nature of the challenges suppliers face may have evolved, early payments continue to provide a valuable solution for suppliers looking to bridge cash flow caps, gain access to much-needed working capital, and improve the predictability of their collections.

5

Experience with Taulia’s platform

Finally, suppliers were asked about their experience using the Taulia platform. Ninety-six percent of suppliers rated their experience as neutral, positive, or very positive, with 38% describing their experience as very positive.

Reasons for taking early payments...



Suppliers’ experiences of Taulia were also consistently positive across different company sizes. Analyzed on a scale of 1 to 5 - with 1 being very negative and 5 very positive - small and medium-sized enterprises with less than \$10m in revenue reported an average experience score of 4.10, while corporations with more than \$5bn in revenue rated their experience 4.16 on average.

Given the increasing frequency of late payments, it is no surprise that users continue to value the benefits that the Taulia platform provides as a means of bridging cash flow gaps and accessing working capital.

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Conclusion

In its sixth year, our supplier survey continues to confirm the importance of early payment opportunities to suppliers large and small.

With late payments on the rise, and fewer customers paying their suppliers early, it's clear that suppliers have faced some significant difficulties over the last 12 months. Late payments place inordinate strain on suppliers' working capital, making it difficult for businesses to meet their own commitments or invest in growth. Indeed, a 2022 survey by the UK's Federation of Small Businesses (FSB) found that 440,000 small firms were at risk of closure due to late payments.

In light of these challenges, it's no surprise that more suppliers are accessing early payments at least some of the time. Whether they are used as a regular source of working capital or as an ad-hoc solution to meet occasional cash flow gaps, early payment solutions can provide an invaluable resource for suppliers in today's environment. Through our early payment platform, Taulia remains committed to supporting suppliers as they navigate the challenges of today's business environment.





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