



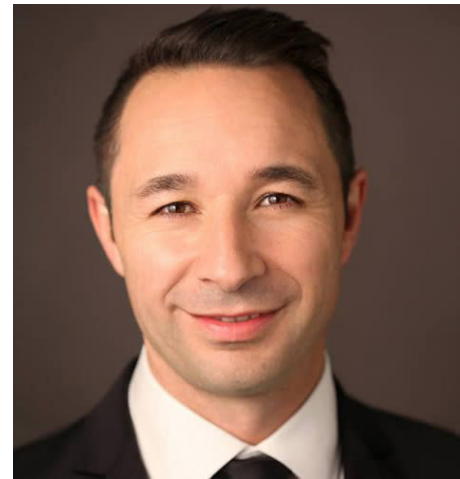
# Supplier Survey **2020**

Taulia's annual survey into supplier behavior

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# Introduction



During these uncertain and disruptive times, we must do what we can to tackle challenges, while also keeping an eye on the future and the opportunities it presents. What we have recently seen is the proliferation of technology being utilized across all aspects of industries worldwide; from healthcare to retail, to financial services and manufacturing. Technology is proving to be one of the key levers businesses can pull, especially in the SME market, to differentiate and thrive. Fintechs are helping businesses to unlock cash to handle these tough times and capitalize on potential emerging opportunities.

To encapsulate the scope of this potential and determine solution utilization, we've conducted our annual survey (November 2019) with responses from 19,424 suppliers across a wide range of industries, sizes, and geographies.

This report shares insights on the ways that suppliers use the Taulia network to overcome the challenges they face while identifying wider trends.

I'd like to take this moment to thank all the suppliers who took the time to complete this survey, which has provided us with insightful data and knowledge. Your input has helped create an overarching view of the industry and I hope that the findings will help you continue to innovate and shape your working capital strategy in the upcoming years. My personal highlight is that the report has revealed the tangible business outcomes that our suppliers are receiving using Taulia. This is reflected in the overwhelmingly positive feedback from suppliers.

While the future remains unknown, it is our intention to tackle this uncertainty hand-in-hand with everyone on the Taulia network. I hope the insights in this report inspire you and your business to leverage the power of technology to deliver your ever-evolving working capital needs today and in the future.

Yours truly,

**Cedric Bru**

CEO, Taulia



# Key findings



It was easy to get started on Taulia, and the payments we receive are always correct. This system gives us flexibility and peace of mind because we can send invoices quickly and then receive payment in the same manner. As a result of using the Taulia platform, we have never been paid late and have drastically reduced the time we spend in processing payments.

**Betty Miars**

Executive Secretary | Sidney Electric Co.

# 19,424

supplier responses revealed some key findings...

1

## 56%



of respondents want to be paid early at least some of the time

2

## 34%



of respondents take early payments to help overcome gaps in their cash flow

3

## 37.5%



of businesses are paid late on average



### What does this mean?

The survey highlights that suppliers use early payment as a key tool, to help them bridge cash flow gaps and create payment certainty. Early payment on their invoices is helping these businesses better manage

their working capital to make informed decisions and minimize the inevitable disruption caused by late payments from customers.

# Approach to the research



The system makes it very easy for me to look up POs, when invoices are received and when invoices are going to be paid. It is very helpful in providing me with up to date information during our weekly collection meetings.

**Rachel Green**

**Controller** | Elevator Interior Design



Suppliers were contacted in November 2019 with **19,424** responding to the survey



Over **50%** of respondents were from **small companies** with an annual revenue of **less than \$10m**, with the other half from companies with revenues ranging from **\$10m to over \$5bn**



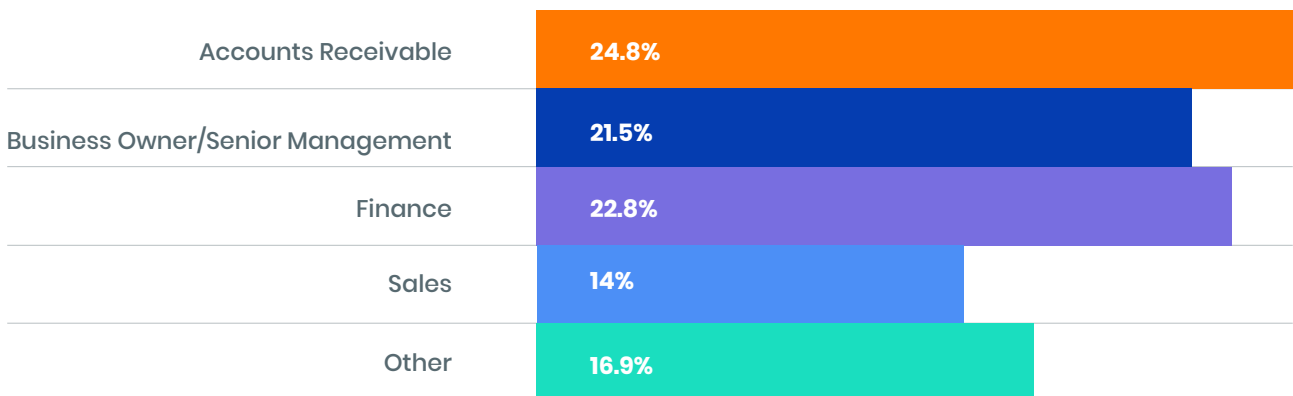
The survey respondents spanned the entire globe, including **North America, Europe, and Asia**



Respondents encompassed a **range of job roles**, from accounts receivable, senior management, finance, sales, and treasury departments



### Supplier Demographics by Role...



# Main themes from the survey



Taulia is user-friendly and we always receive payment on time. I also like being able to see when our payments will be issued.

**Brenda Harless**

Assistant Controller | Humble Construction Co.



# 1

## Demand for early payments remains strong



### What we found

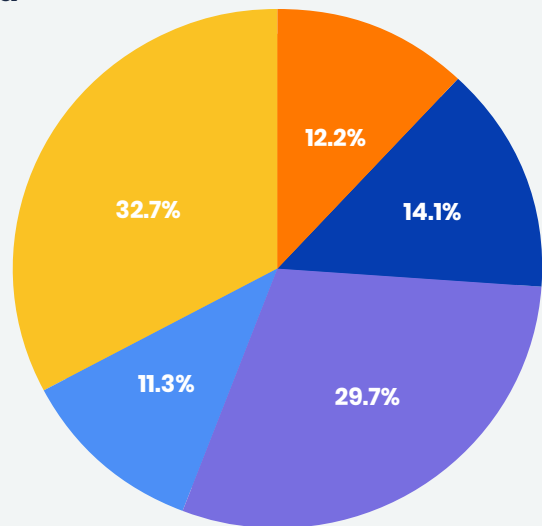
**56%** of businesses are interested in taking early payments, which is spread evenly between suppliers of different sizes.



### 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?**

- Yes, every time for every customer
- Yes, most of the time
- Yes, but only some of the time
- I don't know
- Never



### Percentage of respondents who take early payments

<span style="color: red;">■</span>	Small businesses (under \$100m in revenue)	<b>55.6%</b>
<span style="color: blue;">■</span>	Businesses (over \$100m in revenue)	<b>56.0%</b>

### What does this mean?

The findings show that early payments are a vital feature to solve business challenges for suppliers of all sizes.

This data suggests that businesses rely on the flexibility which early payments provide to plan accordingly for

different circumstances that they're facing, with over 40% of respondents choosing to take early payments periodically. The reasons for this vary enormously, especially within small businesses which typically face more dynamic financing environments when compared to larger, more established businesses.

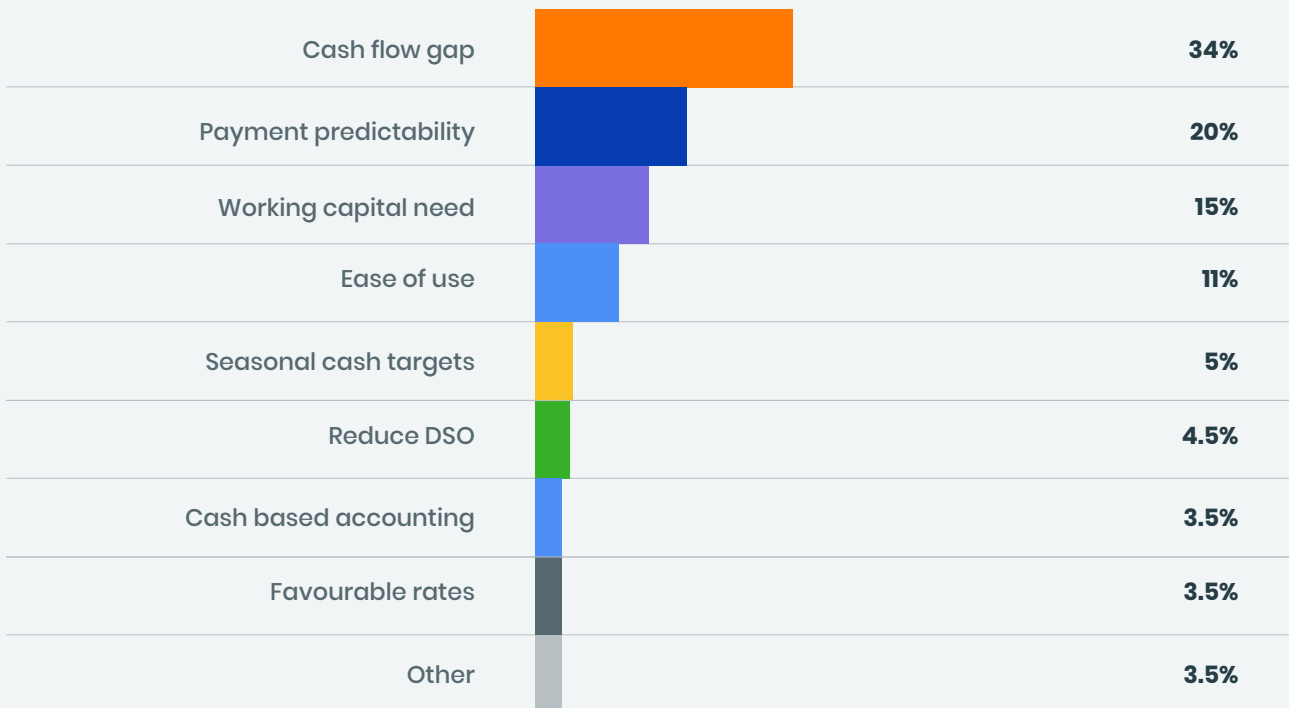
## 2

# Key reasons why suppliers take early payments



### What we found

Overcoming gaps in cash flow was the top reason businesses take early payments, with **34%** of respondents marking it as the most important factor; indicating that cash is crucial to the health of a business.



### What does this mean?

While filling the cash flow gap is the most popular response, it is not the only reason why suppliers would consider taking early payments. Other leading reasons include predictability of payments and collections (20%), the ease of use of early payment compared to other forms of financing (11%) or reducing Days Sales Outstanding (DSO) - a key financial metric (4.5%). This suggests that suppliers are leveraging early payments

to drive efficiencies and improve business KPIs across their organisations, enabling them to become more robust in the long-term.

As with prior surveys, we see that favourable rates are not critical to why suppliers take early payments, suggesting that the need for payment predictability and bridging cash flow gaps are rate independent.

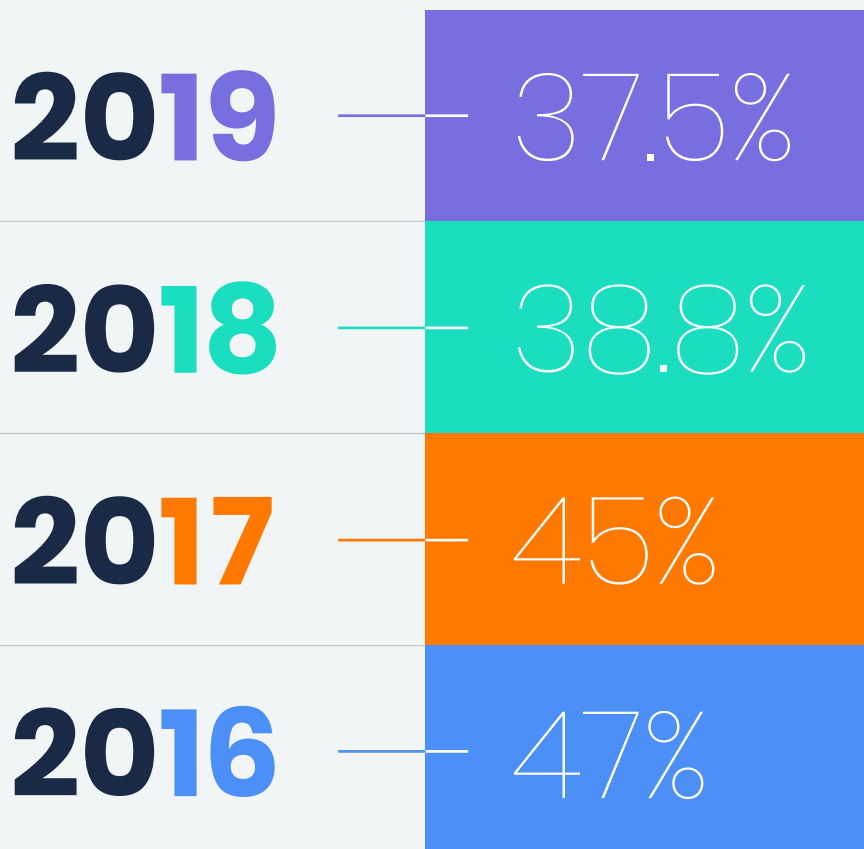
### 3

## Late payments are disruptive to businesses



### What we found

Late payments affect the entire supply chain, with **37.5%** of suppliers claiming they have been paid late by their customers.



### What does this mean?

This is a decrease of 1.3% from 2018 and nearly 10% since 2016, suggesting that the issue is slowly getting better. There is still progress to be made in ensuring that businesses are paid on time, especially given the negative consequences of late payments. These consequences can include missed revenue opportunities, disruption to the wider business network (such as the supplier's suppliers being paid

late), inaccurate forecasting, or in the most extreme circumstances, employees being paid late.

37.5% is too high of a percentage. All businesses need to strive to optimise their payments processes to ensure that this number continues to decrease, enabling both suppliers and buyers to better manage finance operations.

## 4 Supplier feedback using the Taulia platform



### What we found

**97%** of suppliers gave overall favorable feedback that Taulia is delivering significant value to their businesses. The respondents highlighted key reasons why they view Taulia in a positive light.

**The following were the most common themes in their responses:**



Greater access to liquidity to invest back into their business



Efficiencies gained through a more streamlined process

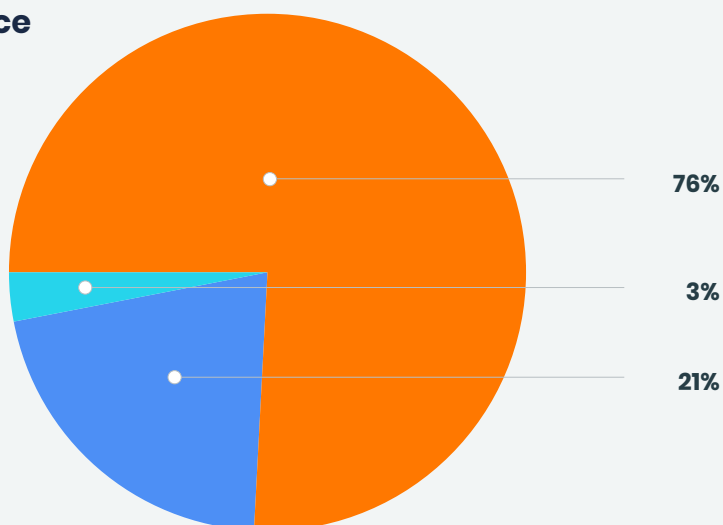
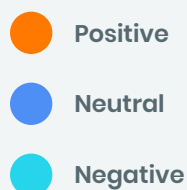


Enhanced relationships with their customers



Improved visibility into the invoice and payment process

### How would you rate your experience with the Taulia platform?



### What does this mean?

The data shows that suppliers use the Taulia platform to optimize various processes across their business and through the platform, they are able to change the way they work across the entire supply chain. From having improved visibility into the invoice and payment process to getting faster access to cash, suppliers

can perform tasks that optimize their productivity and efficiency, whilst building better relationships in the process. The overwhelmingly positive experience suppliers report, highlights the desire for more companies to provide such services to their suppliers for the benefit of all parties.





The system is extremely user friendly. When an invoice is approved, we are able to see the due date and plan our cash flow accordingly.

**Fatima Ahmed**

**Financial Manager** | ME & E McWade Engineered Products (PTY) LTD

Since our customer has switched to Taulia, we rarely have issues with payments.

**Krystyna Olsiewicz**

**Office Manager** | Par Code Symbology Inc.

Out of all that I use, Taulia, is the BEST! Taulia, makes sense. Whoever wrote Taulia has worked closely with accounting people. Taulia, is logical, methodical and efficient. The processing time is quick and I do not have to wait for Taulia to receive my send. I brag on Taulia every chance I get.

**Rhonda Wedekind**

**Controller** | Advanced Engineering Inc.



# Conclusion

With **56%** of suppliers wanting to be paid early and **37.5%** being consistently paid late, the results of this survey are a clear indication of the need and desire for solutions that allow businesses to manage cash flow. In today's hyper-competitive market, businesses need to be prepared for uncertainty and unpredictability; including supply chain disruption, volatile eco-political climates and disruptive technological innovation.

With early payment programs, there is a huge opportunity to enhance supplier-buyer relationships while also saving money. By implementing the proper infrastructure and processes, early payments can drive significant value across all businesses by increasing their flexibility and agility, irrespective of the business size. Looking forward to the 2020s, we expect more businesses to be prioritizing the need to free up cash as they react to industry trends and economic changes.



## What's next...

### If you're a buyer...

who has a vast network of suppliers, you should consider implementing an early payment program to support your supply chain. This will enable you to offer every supplier 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 being paid late is impacting your business, why not enquire if your customers have the infrastructure to offer early payments. This could be your first step towards getting paid as and when you need.



[taulia.com](https://taulia.com)