

# Cash Flow Optimization for the Aerospace and Defense Industry

**Aerospace and Defense (A&D) companies are an engine for critical global infrastructure, powering everything from commercial air travel to national security and the space sector. Keeping up with rapidly increasing demand and technological advancement means that CFOs, Treasurers, and Procurement Leaders have to navigate five key challenges:**

1. Navigating supply chain disruptions and material shortages
2. Geopolitical volatility and defense prioritization
3. Data protection and security
4. Improving sustainability credentials
5. Digital transformation gaps

According to a report by The Business Research Company conducted in 2025, the A&D market is increasing significantly and is expected to reach \$1098.86 billion in 2029 from \$875.37 billion in 2025.<sup>4</sup> A rapidly growing sector, buoyed by expanding defense funds, surges in air travel passenger revenue, combined with research and development breakthroughs, mean businesses working in A&D have much to be cheerful about.

## That approach?

Cash flow optimization



## The situation at a glance:

# 81%

of Aerospace and Defense companies are currently or planning to use AI and ML technology in the next 1-3 years.<sup>1</sup>

# 91%

increase in exports of air defense systems globally from 2019 to 2025.<sup>2</sup>

# 61%

Aerospace and Defense companies are still developing their strategies for sustainability. Only 15% say that they are “fully ready.”<sup>3</sup>

<sup>1</sup> - <https://www2.deloitte.com/us/en/insights/industry/aerospace-defense/aerospace-and-defense-industry-outlook.html>

<sup>2</sup> - [https://www.ey.com/en\\_us/insights/aerospace-defense/2025-geopolitical-strategy-calls-for-nimble-ability](https://www.ey.com/en_us/insights/aerospace-defense/2025-geopolitical-strategy-calls-for-nimble-ability)

<sup>3</sup> - <https://kpmg.com/xx/en/our-insights/esg/2024-global-sustainability-in-aerospace-and-defense-report.html>

<sup>4</sup> - <https://www.thebusinessresearchcompany.com/report/aerospace-defense-global-market-report>



## Navigating supply chain disruptions and material shortages

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A&D manufacturers face some barriers to capitalizing on the opportunity. Supply chain instability caused by challenges in securing critical materials and maritime bottlenecks that hinder shipping logistics are leading to increased costs. Also, driven by global labor shortages, production timelines face delays, and concerns of counterfeit components threaten system integrity. As manufacturing pressures ramp up, ensuring a steady yet compliant supply of materials requires deeper supply chain visibility and the control to adapt to liquidity challenges quickly.

### Do it with SAP Taulia

As the industry relies heavily on sole-source suppliers to improve cost, increase efficiency, and decrease resiliency, fostering stronger relationships between buyers and suppliers is essential. SAP Taulia improves visibility into the cash conversion cycle and provides the necessary agility required for A&D companies to adjust if a supply chain slows or breaks down.

Offering early payment programs, SAP Taulia helps suppliers get paid on average 47.8 days earlier, meaning your organization can mitigate unexpected supply chain disruptions, while with our Multifunder capabilities, SAP Taulia gives your organization greater control over your cash flow by providing you access to a large pool of funders across multiple countries and currencies at competitive rates.

## Geopolitical volatility and defense prioritization

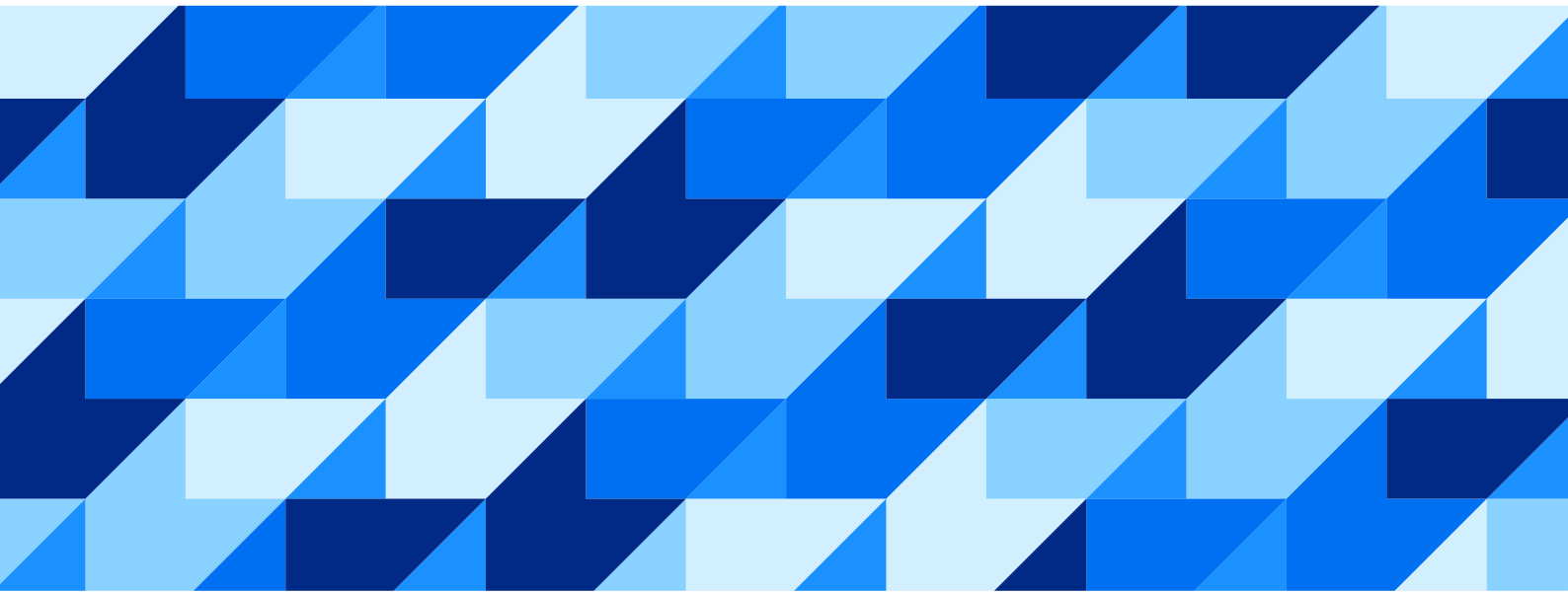
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Rising global tensions have prompted authorities worldwide to increase defense spending and establish new economic security measures. A&D businesses have to navigate the challenge of balancing the dual pressures of strategically reconfiguring supplier networks by shifting to onshoring and supplier diversification while ensuring liquidity to meet the surging demand for advanced defense systems. CFOs, Treasurers, and Financial leaders must balance resilience with margin protection in an increasingly complex environment.

### Do it with SAP Taulia

SAP Taulia equips organizations with the tools to boost profitability and thrive in a dynamic environment. Using its holistic working capital management platform, A&D companies can easily unlock liquidity in payables and receivables, reducing finance costs and enabling early payment discounts.

These solutions help your business improve cost efficiency and free up capital, enabling you to invest in growth opportunities and boost financial performance to thrive amid macroeconomic challenges. A&D companies can also leverage working capital as a strategic lever to scale confidently, significantly improving decision-making around capital allocation and payment timing.



## Data protection and security

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Given the sensitive nature of operations in the A&D industry, businesses must prioritize compliance, confidentiality, and control. That's particularly important within finance teams, which handle confidential information, intellectual property, and financial data and require the highest levels of security. Any breach could have significant consequences, including operational disruptions, reputational damage, and national security implications. Therefore, they seek partners who share these values and adhere to strict security protocols.

### Do it with SAP Taulia

At SAP Taulia, we are acutely aware of the criticality of data protection and information security. Our solutions and partnerships are built on a foundation of robust security measures aligned with industry best practices and regulatory requirements. We maintain compliance with key standards such as ISO 27001, ISO 9001, SOC, and PCI-DSS, demonstrating our commitment to information security, quality management, and secure transaction practices.

Our stringent data protection policies incorporate principles from regulations like GDPR, ensuring data is processed and stored securely and used only as intended. This approach reflects SAP Taulia's commitment to a culture of security awareness and transparency in reporting compliance status, prioritizing continuous improvement.

## Improving sustainability credentials

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As investor scrutiny and regulatory expectations grow, A&D companies face increasing pressure to integrate sustainability into their core financial strategy, yet the global nature of their supply chains makes decarbonization complex. While global A&D companies have taken steps towards energy efficiency, especially by adopting renewable sources to stabilize energy supplies, aviation companies still contribute to 4% of global warming, and the defense industry accounts for 6% of greenhouse gas emissions.<sup>5</sup> CFOs, Treasurers, and Procurement leaders must actively meet sustainability goals by driving accountability, improving ESG reporting, and aligning supplier incentives to achieve measurable impact.

### Do it with SAP Taulia

Integrating sustainability into working capital management programs, SAP Taulia empowers businesses with real-time insights into supply chains via our ESG performance dashboard, enabling you to measure progress, take targeted actions when needed, and meet board expectations. To foster a more functional and sustainable supplier community, you can directly incentivize positive behavior through SAP Taulia's embedded supplier finance programs, offering suppliers who demonstrate strong environmental performance the option to benefit from preferential early payments. Without sacrificing profitability and operational agility, this approach reduces ESG risk exposure and helps A&D organizations drive sustainability while strengthening supplier relationships.



## Digital transformation gaps

As demand surges in the A&D sector, CFOs, Treasurers, and Procurement Leaders are under pressure to modernize core systems to support scalability. While A&D companies are increasingly turning to AI and machine learning to achieve greater cost-effectiveness and efficiency to optimize maintenance, repair, and overhaul (MRO) processes that extend aircraft lifecycles, many struggle with disconnected workflows caused by legacy systems. With only 40% of AI infrastructure currently running in the cloud across the A&D sector, the sector still struggles to scale these technologies effectively. Achieving long-term digital competitiveness will require organizations to modernize legacy systems, break down data silos, and integrate digital capabilities across finance, operations, and supply chain functions.

## Do it with SAP Taulia

SAP Taulia accelerates digital transformation by integrating seamlessly into the SAP Business Suite, giving A&D organizations access to a suite of working capital levers to run more efficiently amid changing market conditions by unifying fragmented data and modernizing legacy systems.

Without requiring complex IT overhauls, SAP Taulia surpasses legacy solutions and traditional banks with a tech-forward, holistic platform that combines AI-driven analytics, automation, and flexible solutions to optimize cash flow and drive growth—delivering what outdated providers can't.

## What could you do with SAP

Taulia's embedded suite of working capital solutions?

**SAP Taulia can help you use cash flow optimization to better meet the challenges you face around economic instability, resiliency, ESG pressures, and digital maturity.**

To find out more, contact us at:  
[taulia.com/company/](https://taulia.com/company/)

Contact us

Or, to get a deeper understanding of how our solutions work, take a look at our interactive demos:

<https://taulia.com/product-tours/>

Try a demo

5 - <https://kpmg.com/xx/en/our-insights/esg/2024-global-sustainability-in-aerospace-and-defense-report.html>