

Aerospace and defense

Working capital management

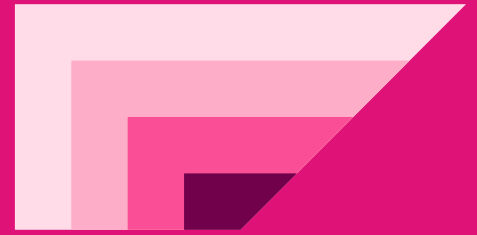
For aerospace and defense firms, pushing the boundaries of innovation comes with challenges. These challenges can be grouped into the following areas:

- Navigating complex supply chains
- Supporting financially fragile suppliers
- Receiving and delivering goods and services on time amid disruptions
- Meeting goals for innovation and scale
- Mitigating talent and workforce shortages

CFOs, Treasurers, and Procurement leaders can help aerospace and defense firms navigate these challenges while improving operational resilience. While each of these challenges has its own tensions and requires specific skills to solve, they can — and should — be tackled together. All that's required is for firms to adopt the right approach.

That approach?

Optimizing working capital management.



The situation at a glance:

18x

Aerospace execs were 18x more likely to mention supply-chain-related terms during earnings calls in 2022 than in 2014.*

15%

In the past 18 years, aerospace companies have underperformed their peers by nearly 15%.**

65%

The majority of defense contractors (65%) have reported increased costs due to supply chain disruptions.***



Navigating complex supply chains

Today's supplier networks are increasingly tiered and globally distributed — especially for aerospace and defense firms that often rely on hundreds of tier 1 and thousands of tier 2 and 3 suppliers. This new complexity and exposure creates fragmentation, which, when coupled with supply chain blind spots, limits visibility into supplier health and payment cycles. This, in turn, makes it harder for aerospace and defense firms to seize opportunities to grow and navigate disruptions when they occur.

Do it with SAP Taulia

To combat this lack of visibility, SAP Taulia's solutions integrate seamlessly across the supply chain. This gives you insight into real-time cash positions and helps you identify potential risks (like late invoice submissions or liquidity squeezes) before they escalate.

Supporting financially fragile suppliers

Aerospace and defense firms often deal with distributed, specialized, or small/niche suppliers. Unfortunately, these suppliers are prone to liquidity challenges, which threaten production continuity and create a more fragile supply chain.

Do it with SAP Taulia

Thankfully, SAP Taulia offers firms ways to reduce this fragility. For example, Supply Chain Finance provides suppliers with third-party funding to stabilize your supply chain and reduce production risk, allowing you to keep liquidity where it's needed most. Dynamic Discounting maximizes the use of your surplus cash, to provide early payments to suppliers in exchange for a discount.

Receiving and delivering goods and services on time amid disruptions

While focusing on the demands of everyday business, aerospace and defense firms may miss the early signals of disruptions and not respond until it's too late. Reactive risk management leads to unnecessary delays, increased downtime, and greater supply chain disruptions. For these industries, delays can have huge impacts that could threaten national security.

Do it with SAP Taulia

To help you move from reactive to proactive risk management, SAP Taulia embeds data-driven insights into treasury and procurement functions. These insights can help you identify and tackle risks before they become operational problems, protecting your bottom line and keeping cash flowing.

Meeting goals for innovation and scale

Amid ongoing geopolitical tensions, defense budgets are surging as investments flow into new tech — unmanned aerial systems, hypersonic, and space capabilities. These investments require large-scale production ramp-ups, faster supplier onboarding, and scalable, accessible funding — creating financial and operational strain across the supply chain.

Do it with SAP Taulia

With SAP Taulia's solutions, firms can unlock liquidity to manage demand surges. For onboarding new suppliers, SAP Taulia Virtual Cards accelerate time-to-market. To plan for volatile demand cycles, firms can take advantage of real-time cash visibility and forecasting tools. While for scalability, flexible funding models support rapid scale, using Supply Chain Finance and Dynamic Discounting, with minimum financial risk.

Mitigating talent and workforce shortages

Aerospace and defense firms need to be agile — it's essential to their success. Unfortunately, labor shortages in terms of workforce size and expertise can slow production, maintenance, and repair work. This, coupled with an ageing workforce and competition from other tech sectors, limits throughput and innovation opportunities.

Do it with SAP Taulia

Amid workforce fluctuations, ensuring operational stability is paramount. That's why reliable payments processes can help keep the ship steady for aerospace and defense firms. With SAP Taulia's cash flow forecasting and analytics, firms can plan ahead with confidence, allocating resources more efficiently and avoiding last-minute disruptions as a result of labor shortages.

Are you ready to tackle these challenges?

SAP Taulia can help aerospace and defense firms like yours protect working capital against supply chain fragility.

To find out more contact us at:

taulia.com/company/contact-us

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

taulia.com/product-tours