

Soaring towards a networked Global Supply Chain

Unlocking the potential of the procure-to-pay network

This global consumer goods giant is on a “connected commerce” mission. The company has established an e-invoicing and supplier collaboration network that benefits the organization far beyond the AP department. By bringing suppliers, banks, and other supply chain partners into a network where information can flow freely, our customer is well on its way to a fully networked global supply chain.

It all starts with Accounts Payable automation

Like many businesses, our customer began its journey with an AP automation initiative. With a portfolio of over 300 brands and a presence in 100 countries, the company was looking to reduce the support burden for its AP departments, and for a simple way for its vast supplier base to access up-to-date invoice status information.

But it soon realized that there were bigger gains to be had. Thijs Stalenhoef, SVP of Global Product, at Tradeshift explains, “companies tend to think that they have invoice challenges but, in fact, they have network challenges. Most AP initiatives tend to narrowly focus on invoice process efficiency

and AP automation. And while this is an important step—even necessary—it's also just the beginning. "Stalenhoef goes on to explain that Accounts Payable is in a strategic position to network the organization, connect suppliers, and to become a hub for insight into spend, supplier and working capital performance. "It's only when you start connecting the organization and suppliers and partners that you unlock the real potential in the procurement chain," he says. Today, our customer is leveraging Tradeshift Pay to e-invoice across more than 100 organizations and 360 different legal entities in 33 countries. This is quite an achievement, especially since it includes countries where e-invoicing is uniquely challenging, such as China, Argentina, Italy, and India.

Supplier buy-in — the key to making digital the default

Perhaps the most critical step to successfully automating AP is getting suppliers on board. Unfortunately, this is where many initiatives come unstuck. That's why Tradeshift puts supplier onboarding at the core of the rollout model, even backing it with a formal service level agreement (SLA) where a commitment is made to mutually agreed-upon uptake rates.



Connecting to the platform is both easy and free-of-charge. Once suppliers are connected, they can quickly query the Tradeshift platform to find out the status of any invoice at any time. Within the first month, our consumer goods company saw 9,500 suppliers activated on the Tradeshift network, growing to 13,500 by the end of the third month. Now, the number has risen to nearly 20,000, accounting for over 62% of the company's total in-scope invoice volume. The benefits came equally quickly. The switch to e-invoicing and improved supplier collaboration over the digital network led to a significant drop in invoice matching discrepancies—and the costs of resolving them. With suppliers able to check the status of their invoices themselves, inbound support queries have been reduced to virtually zero, allowing phone lines to be eliminated in many countries. This has also allowed shared service centers to be streamlined and refocused on more value-adding tasks.

The path to even more solutions

"Once your digital network is in place and you have a critical mass of suppliers linked up to it, there's a world of opportunities that all of a sudden open up," says Stalenhoef. "By rolling out Tradeshift Pay, our customer has paved the way for a series of initiatives involving both procurement and treasury-owned processes."

For example, the company is working on various initiatives that optimize working capital. With one "global wallet", a speedy invoice approval process, and all relevant information available in real-time on the Tradeshift network, the company is in a perfect position to take full advantage of early payment and dynamic discounting opportunities for maximum return on its cash.

Tradeshift is also opening up supply chain financing, allowing the company to extend their days payables outstanding (DPO). Pilots are already underway with HSBC in Australia and JP Morgan in Europe, primarily targeting existing eInvoice suppliers. This will also encourage suppliers not already on Tradeshift to connect as they look to access working capital.

↔ Expanding the reach with ↔ Tradeshift Apps

Our customer is already using Tradeshift Pay to maximize the benefits of AP automation and working capital management for indirect materials, but it's also using Tradeshift to look at direct material invoices through its Apps platform. Quyntess is an app specialising in direct material processes and is one of many available on the Tradeshift platform. As the company introduces new supply chain processes on Quyntess, they will automatically tie in with the Tradeshift platform. And as supplier collaboration becomes available for direct materials, the company expects to replace a bespoke e-logistics solution and add an additional 1,000 European suppliers to the network.

The company is widely regarded as a leader when it comes to sustainable business practices, so it was also looking for a solution to support its responsible sourcing program. The answer came in the form of a bespoke app, currently under development on the Tradeshift platform, where suppliers can sign up to the company's responsible sourcing terms. This allows the company to classify suppliers and control who receives orders based on whether they meet sustainable sourcing criteria.

Next step—procurement

Having seen the power of Tradeshift Pay, the company is now looking at Tradeshift Go to offer employees an easy mobile buying experience. Tradeshift Go will also help the company to take control of costly long-tail spend.

Tradeshift Buy, a marketplace and collaboration platform for products and services is similarly under consideration. By switching to digital purchasing, the company aims to improve order accuracy and reduce the amount of downstream manual work. Digitizing procurement also helps with data categorization and provides a much better basis for business analytics.

The power of the Tradeshift digital network

With major benefits already achieved through AP automation and supplier collaboration, this company is a great example of how the Tradeshift platform paves the way for other high-value initiatives. The Tradeshift network will be absolutely central to many of its future projects, not just for Accounts Payable, but for Procurement, Treasury and beyond.

ABOUT TRADESHIFT

Tradeshift drives supply chain innovation for the digitally connected economy. As the leader in supply chain payments and marketplaces, the company helps buyers and suppliers digitize all their trade transactions, collaborate on every process, and connect with any supply chain app. More than 1.5 million companies across 190 countries trust Tradeshift to process over half a trillion USD in transaction value, making it the largest global business network for buying and selling. Discover commerce for all at [tradeshift.com](https://www.tradeshift.com).