

## SUPPLY CHAIN FINANCE FUELS BOSTON SCIENTIFIC'S AGGRESSIVE ACQUISITION STRATEGY AND INCREASES MARKET VALUE

Boston Scientific, a \$9 billion global leader in medical technological innovation, is one of the world's largest manufacturers of medical devices. As part of its long-term growth strategy, Boston Scientific invests heavily in strategic acquisition (there have been more than 30 since 2004) and increasing market value through improved financials.

After reading a 2016 Barclay's report that public companies who rely on external financing perform better in the market and produce higher returns to investors, Boston Scientific realized how working capital optimization would allow them to internally fund strategic initiatives while appealing to investors.

**“Every new idea and growth opportunity requires cash, which is why Boston Scientific considers free cash flow from operations—and year-over-year improvement in cash flow—to be core metrics for measuring success,”** said former Assistant Treasurer for Capital Markets, Graeme Williamson. **“We also understand that investors pay close attention to the cash conversion cycle and cash flow. Public companies with better working capital metrics perform better in the market.”**

### **Boston Scientific Looks for New Ways to Improve Cash Flow and Fuel Growth**

With numerous acquisitions on the horizon, Boston Scientific knew they needed to increase cash flow and maintain their market position in a way that benefitted internal teams, suppliers and investors. But the question was *how*.

**Supply chain finance would allow the company to achieve its cash flow objectives without putting financial strain on suppliers.**



### CASE STUDY SNAPSHOT:



#### CHALLENGE:

- LONGSTANDING OBJECTIVE TO IMPROVE WORKING CAPITAL AND DRIVE MARKET VALUE
- INCREASE CASH FLOW WHILE BENEFITTING CUSTOMERS, SUPPLIERS, INTERNAL TEAMS AND INVESTORS

#### RESULTS:

**\$200M**

IN FREE CASH FLOW UNLOCKED



100+ SUPPLIERS ONBOARDED ONTO PROGRAM

CURRENTLY EXPANDING PROGRAM TO INTERNATIONAL SUPPLIERS



## **PR** PrimeRevenue Case Study

Boston Scientific initially explored a program with their relationship bank. However, they were ultimately drawn to PrimeRevenue's multi-funder approach to supply chain finance, which would allow them to reward multiple mid-tier relationship banks with an opportunity to provide liquidity instead of a single bank.

PrimeRevenue worked with Boston Scientific to quantify the working capital optimization opportunity, identify supplier targets and develop supplier messaging, onboarding processes and flexible training options. Through this guidance, Boston Scientific was able to educate suppliers about the benefits of supply chain finance.

By providing a way for suppliers to get paid early for a nominal fee, they could offset the need for suppliers to borrow from banks at a significantly more expensive rate. It would also give suppliers visibility into payment processing and enable them to see which invoices were approved, for which amount and the date payment would be remitted.

Despite approximately 35 suppliers joining the platform in Phase 1, Boston Scientific's program remained mostly stagnant for the first year. At the time, the company lacked the primary component to implementation and the key to scalable long-term success— alignment. It wasn't until a year in that Boston Scientific truly understood how critical it is to make sure all stakeholders are aligned in a common working capital strategy.

### **Organizational Alignment Paves the Way for \$200 Million in Cash Flow Gain**

Boston Scientific's treasury/finance, procurement and IT organizations agreed upon a common cash flow objective, which greatly improved their ability to understand how to optimize working capital without disrupting supplier relationships.

Within the first two years of the program, Boston Scientific unlocked nearly \$150 million in working capital. This significant cash flow gain helped the company expand its product portfolio through a \$300 million acquisition of a developer of atrial fibrillation technologies (\$175 million of which was paid upfront).

Today, more than 100 suppliers have been onboarded onto the PrimeRevenue supply chain platform, resulting in a cash flow gain of more than \$200 million. The material working capital generated by supply chain finance helped facilitate several acquisitions. Bolstered by this success, the company is currently working with PrimeRevenue to expand its program outside of the U.S. to international suppliers.

Improved working capital derived from a PrimeRevenue-led supply chain finance program has and will continue to fuel Boston Scientific's innovative medical research. The impact of the program, both on Boston Scientific and its suppliers, is paving the way for continued breakthroughs that have a lasting effect on much more beyond the supply chain.

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**About PrimeRevenue** As a pioneer in global B2B payments, the PrimeRevenue SurePay Platform connects the entire supply chain by improving working capital and automating digital payments. Thousands of companies around the world leverage one streamlined platform to increase payment visibility, enhance control, and improve cash flow. PrimeRevenue is headquartered in Atlanta, with offices in London, Prague, Hong Kong, and Melbourne. For more information, visit [www.primerevenue.com](http://www.primerevenue.com).

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