

A CASH FLOW SAVING GRACE TURNS INTO A POWERFUL WORKING CAPITAL TOOL FOR ECI AND ITS SUPPLIERS

Electrical Components International (ECI) is a major supplier of electrical wires and harnesses to the world's leading home appliance and specialty industrial manufacturers. One of its major customers, a Fortune 500 appliance manufacturer, introduced supply chain finance to ECI by inviting them to join their program as a supplier.

Recession Exposes Cash Flow Vulnerability but Supply Chain Finance Provides a Lifeline

The company was initially reluctant to participate in the program, but everything changed in 2008 as the effects of a global recession set in. Customers weren't paying on time and liquidity was becoming both limited and expensive given market conditions.

As pressure continued to mount and cash flow became increasingly tight, ECI decided to take advantage of its customer's PrimeRevenue-led supply chain finance program, which had an overwhelmingly positive impact on cash flow.

ECI ended up trading more than \$400 million in receivables annually. Unlike many competitors during the economic downturn, ECI was able to survive—and thrive—using the \$25 million in accounts receivables that were unlocked from ECI's supply chain as a direct result of participating in a supply chain finance program.

Then CFO Mitch Leonard remarked: "In a time of financial catastrophe for many companies, supply chain finance provided us the cash flow we needed to weather recessionary times."



Electrical Components International

CASE STUDY SNAPSHOT:



CHALLENGE:

- LIMITED ACCESS TO ALTERNATIVE SOURCES OF FUNDING BOTH DURING AND AFTER A RECESSION
- PRESSURE TO IMPROVE CASH FLOW AND DELEVERAGE
- GOAL OF GENERATING MAJOR WORKING CAPITAL IMPROVEMENTS

RESULTS:

UNLOCKED
\$25M
IN ACCOUNTS RECEIVABLES



ECI EXPANDED SUPPLY CHAIN FINANCE BENEFITS TO SUPPLIERS, UNLOCKING ANOTHER **\$20 MILLION** IN PAYABLES

PAYMENT VISIBILITY ELIMINATED DISCREPANCIES BEFORE NEGATIVE CASH FLOW IMPACT



PR PrimeRevenue Case Study

As the recessionary climate improved, visibility into payments proved to be especially valuable in addition to cash flow improvements. ECI was able to track payments at a granular level by verifying when an invoice was (or wasn't) loaded onto PrimeRevenue's supply chain finance platform and identify any errors in processing. Ultimately, this allowed the company to pinpoint issues and discrepancies that would have otherwise turned into bad debt or collection issues.

“Then, ECI decided to implement our own supply chain finance program – not just for the working capital benefit, but to be a better customer to our suppliers,” said former CFO Mitch Leonard.

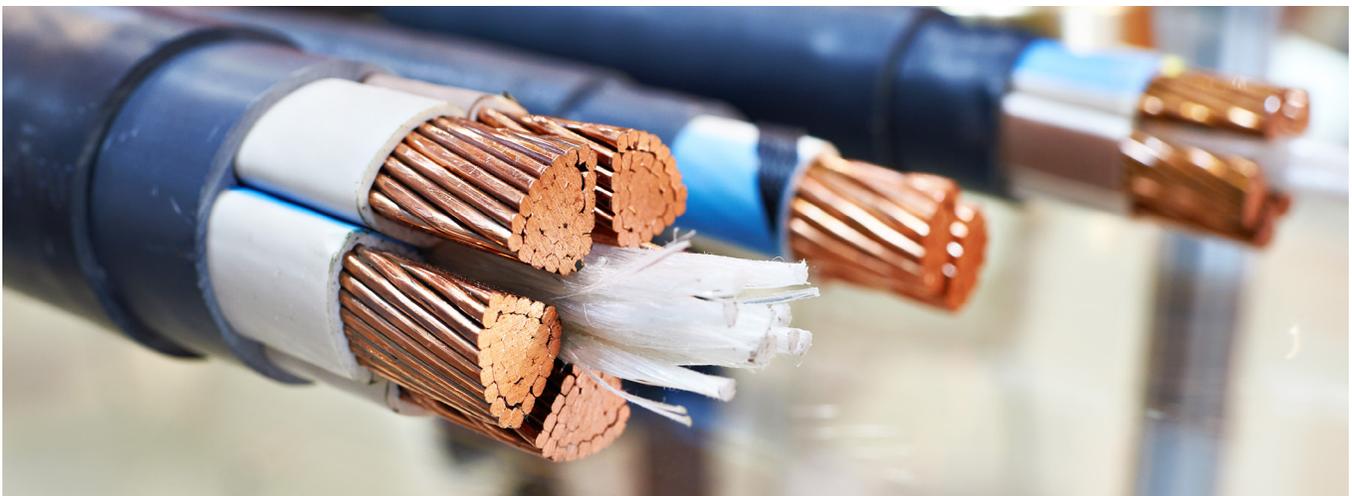
Finding Value in Both Sides of Supply Chain Finance

With a new goal of generating an additional \$20 million in cash flow, working capital acceleration was a top priority internally for ECI.

They were also eager to extend the value of supply chain finance to their own suppliers. To implement their own supply chain finance program, ECI partnered with PrimeRevenue and its 100+-strong multi-funder network, including several partners interested in funding middle market, non-rated, non-investment grade and private equity owned companies like ECI.

The program went live in April 2019, and the first supplier trade took place only a week later. ECI's impressive initial results have expedited the implementation of two additional phases so the benefits of supply chain finance can be spread among a larger group of suppliers.

Supply chain finance has been a vital tool in ECI's working capital strategy as both a supplier and a buyer—and has since expanded to become a powerful and impactful cash flow tool for their suppliers as well. This multi-tier supply chain finance program proves the robust opportunities supply chain finance can provide to companies, no matter which side of the partnership.



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.

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