Supply Chain Finance:

A Solution to Today's Global Volatility

Supply chain issues have been consistently top of mind in several circles for a while. While the pandemic exasperated old challenges, new ones came to light that sparked a demand for new solutions and opportunities.

Inflation is one of the main culprits applying pressure to every organization's supply chain, with 33% of small businesses citing it as their greatest concern. Higher prices for supplies and service can bruise just as easily as some of the supply chain logistics issues we're facing globally, like keeping transportation costs down, which are seeing almost a 14% fuel surcharge rate, and sourcing from reliable carriers. Organizations are also hitting the hurdle of tech lag as they struggle to find solutions that will keep them at pace with the growing digitization of the industry.

The complex and evolving ecosystem of a supply chain is full of risk that challenges the resilience of any business. And while organizations continue to adapt and prioritize the health of the supply chain, there are systems already in place to help them along, particularly when it comes to moving capital between buyers and suppliers.

Supply chain finance (SCF), or reverse factoring, is one of the most efficient ways to relieve some of the cost pressure that suppliers are feeling from today's challenges. SCF is a program where buyers and sellers can negotiate the payment terms of their mutual business. The program employs two primary methods:

The first is where the buyer optimizes payment terms with the supplier. In this approach, the buyer extends payment terms with suppliers. This dramatic slowdown of cash outflow gives the buyer access to more working capital.

The second approach occurs when the buyer gives target suppliers the option to get paid early by selling their invoices to funders. This enables them to offset the negative impact of longer payment terms on suppliers, while still enabling the buyer to meet their cash flow optimization objectives.

Supply chain finance is one of the few financial health improvement tactics that works for organizations on both sides of the supply chain. Buyers are able to extend their payment terms, while suppliers get paid earlier. This direct impact on cash flow can be dramatic for organizations, as they operate on thin margins and battle higher, inflated prices.

Not only do both sides of the table have access to greater cash flow, but they will also have the opportunity to invest in new innovations and initiatives. Money that is traditionally tied up in accounts payable and receivable can now be leveraged to gain new advantages in a marketplace that is quickly evolving digitally.

Supply chain financing is the right solution for any organization trying to juggle their cash flow in the middle of today's ups and downs of the supply chain. Learning more and partnering with the knowledgeable PrimeRevenue SurePay Platform can help set you up for success and give you the ability to weather industry volatility.

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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