Suppliers succeed with dynamic discounting

SAP® Ariba® Discount Management helps buyers and suppliers optimize working capital with tools to automate the early-payment discounting process, from initial offer through final capture.

Discover how suppliers benefit from dynamic discounting.

Supplier feedback: Early payments pose a good opportunity to improve cash flow

Offered through SAP Ariba Discount Management, dynamic discounting is a process that allows buyers and suppliers to negotiate continuous, sliding-scale discount terms for paying invoices early. The sooner a buyer pays, the higher the discount rate would be. The early-payment opportunities lead also to average for buyers, but accelerated cash flow for suppliers and better working capital management for all.

Of 300 surveyed suppliers who have accepted an early-payment offer through dynamic discounting in Q2 2020:

- 49% would consider accepting early-payment opportunities as an all-inclusive discount.
- 65% leveraged early payments in addition to other financing options, such as bank loans, during COVID-19 pandemic.

Suppliers speak: Testimonies

“This has been a valuable tool in keeping our business cash flow moving so that we can reinvest funds immediately to keep things growing.”
– Supplier, Canada

“The early payments at this time have saved us financially.
– Supplier, USA

“This is absolutely the best tool we have as we try our best not to rely on financing.
– Supplier, Canada

“This cash flow is needed as other debtors are not paying on time.
– Supplier, South Africa

Real customers, real impact

Here are some highlights from case studies about SAP Ariba buyer-supplier collaborations on early-payment discounts.

- Supplier 1: 170 invoices accelerated YTD in 2020, offering an average early-payment option to offset buyers’ accelerated payment terms.
- Supplier 2: 40 invoices accelerated within the first three months of the development of the early-payment program. Other means of credit are difficult to access for the company during the pandemic.
- Supplier 3: 639% increase in discounted invoices for the business on Ariba Network since the start of the pandemic.
- Supplier 4: 19,902 invoice payments accelerated by an average of 31 days in 2020 with early payments.
- Supplier 5: 12,283 invoice payments accelerated by an average of 37 days in 2019 with early payments.

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If you’re a buyer, click here for more information on collaborating with your suppliers through dynamic discounting.

If you’re a supplier, contact your customers to start a conversation about the shared benefits of offering early-payment options.