# Table of Contents

<table>
<thead>
<tr>
<th>Page</th>
<th>Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Why Do You Need Better Solutions for Payments and Cash Flow?</td>
</tr>
<tr>
<td>5</td>
<td>Organizational Will and Alignment</td>
</tr>
<tr>
<td>9</td>
<td>Defined Goals and Timeline</td>
</tr>
<tr>
<td>11</td>
<td>Executive Sponsorship and Project Resources</td>
</tr>
<tr>
<td>14</td>
<td>Estimating Value</td>
</tr>
<tr>
<td>17</td>
<td>Understanding Critical Dependencies</td>
</tr>
<tr>
<td>18</td>
<td>Determine Key Requirements</td>
</tr>
<tr>
<td>20</td>
<td>Evaluate and Select a Partner</td>
</tr>
<tr>
<td>22</td>
<td>Get Ready for Project Kickoff</td>
</tr>
<tr>
<td>23</td>
<td>Project Kickoff</td>
</tr>
<tr>
<td>25</td>
<td>Implementation and Change Management</td>
</tr>
<tr>
<td>28</td>
<td>Postimplementation and Success Measurement</td>
</tr>
<tr>
<td>30</td>
<td>Growing Your Program</td>
</tr>
<tr>
<td>32</td>
<td>Next Steps</td>
</tr>
<tr>
<td>33</td>
<td>About the Authors</td>
</tr>
<tr>
<td>33</td>
<td>About SAP® Ariba® solutions</td>
</tr>
<tr>
<td>34</td>
<td>Appendix</td>
</tr>
</tbody>
</table>
Why Do You Need Better Solutions for Payments and Cash Flow?

Clear goals, organizational will, and stakeholder alignment – all are keys to success for any company. But in payment processing and cash flow management, they often do not reflect reality. The good news is, there’s a better way – and it’s well within your reach.

Whether you are just starting out, are in the midst of an implementation, or are growing an existing program, we can offer valuable guidance on achieving more-effective payment processing and cash flow management for your company.

PAYMENTS
Payment processes have been largely unchanged for 30 years. Limited remittance remains a problem with e-payments, making it difficult for suppliers to apply and reconcile payments. But the use of e-payments continues to increase – as does fraud. Simplifying processes and shifting responsibilities for activities such as Know Your Customer (KYC) verification and supplier bank account maintenance are keys to mitigating risk, maintaining or lowering costs, and improving your suppliers’ experience.

CASH FLOW
Improving your cash flow creates enormous value that is difficult to replicate in other lines of business, including sales, or through margin growth. Every $1 billion in targeted spending extended by 15 days through payment terms results in a more than $40 million increase in cash flow.

Some suppliers, though, will prefer early payment, providing an opportunity to earn $1 million to $2 million per $1 billion in targeted spending from early-payment discounts.* These discounts deliver high annual percentage rates (APRs) with low risk, as funds have already been committed through the procurement process.

*Based on sample results from customers using SAP® Ariba® solutions. Results may vary.
WHY NOW?
What could these increased cash-flow statistics mean for your company? Could one day of days payable outstanding (DPO) help you open a new store or manufacturing plant, increase your R&D, or raise dividends for shareholders? It is by asking these questions that you can align this initiative to your corporate strategy.

Remember, you are not the only one looking into payment and cash flow – your competitors are doing their homework as well and planning or executing their own strategies right now. Who can blame them? By paying suppliers earlier than necessary – and earlier than your peers – you’re effectively financing their business. Delaying efforts to optimize your payment process and timing gives your competitors an advantage.

Improving cash flow and discount savings delivers a competitive edge, helping you rely less on banks for credit and creating shareholder value. Moving forward now unlocks the same value that would likely require the equivalent of 15% to 25% revenue growth.*

What are you waiting for?

*Based on sample results from customers using SAP Ariba solutions. Results may vary.
Organizational Will and Alignment

Whether you are just starting an initiative, in the middle of deployment, or scaling an existing program to drive improvement in payments and cash flow, organizational will and alignment are vital to success. See Figure 1.

Figure 1: Winning Strategy for Better Payment Processing and Cash Flow Management

Your organization

Will
- Commitment to success
- Defined goals
- Clear prioritization

Alignment
- CFO mandate
- Enterprise-wide KPIs*
- Strong project lead

SUCCESS

*Key performance indicators
Clear goals, organizational will, and stakeholder alignment are essential to any payment processing and cash-flow management initiative.
Organizational will can be summed up in three parts:

**COMMITMENT TO SUCCESS**
Your leadership must never accept the status quo and must always be willing to collaborate with stakeholders from various lines of business, including procurement, treasury, and shared services, to transform “old school” processes and thinking to promote better business outcomes. This requires enterprise-wide commitment to ensure success.

**DEFINED GOALS**
There needs to be a clear mandate of how success is measured over a specific period. This could mean an increase in the number of payments automated, suppliers participating, cash flow gained, discounts earned, or other quantitative metrics.

**CLEAR PRIORITIZATION**
Your payments or cash flow initiative must rise above the fray as an umbrella priority that is not limited by competing objectives or hampered by disparate key performance indicators (KPIs).
**Organizational alignment** requires procurement, treasury, and shared services to break out of their silos. To be truly successful, you must:

**SECURE A CFO MANDATE**
In most cases, the corporate functions mentioned above report to the CFO. While the best-case scenario is to have these leaders align, it may be necessary for the CFO to set and communicate clear business objectives for the company and align leadership stakeholders when determining how objectives will be achieved.

**ALIGN KPIs ACROSS GROUPS**
If procurement is measured on price reduction, shared services is measured on efficiency, and treasury is measured on discounts earned, your organization is not working toward a cohesive payments and cash flow strategy. Moving these groups to common, shared metrics such as economic value added (with price reductions and discounts earned given equal credit) will ensure that teams are aligned and your initiative is set up for success.

**IDENTIFY A STRONG PROJECT LEAD**
Your project can succeed or fail based on the person leading it. With that in mind, your project lead should have credibility within the organization, institutional knowledge of company operations, existing internal cross-functional relationships, and the ability to build relationships and trust.

**PUT IT IN WRITING**
No matter where you are in your payment processing and cash-flow management journey, leaders in procurement, treasury, and shared services must write down their goals and timelines and compare them to the goals set out by your CFO. If they are aligned (or even close to it), you are on the right track. If not, everyone must immediately come to the table to understand where the groups differ and how they can support a common goal.

**HOW WE CAN HELP**
To help you get started, we offer a meeting agenda and template that highlights the advantages of better payment processing and cash flow management for your company and each of its stakeholders. It also offers recommendations on how to get aligned. See the appendix for more information.
Defined Goals and Timeline

“Goals that are not written down are just wishes.”
– Anonymous

This famous quote applies to any life goal – but is especially apt in reference to implementing or expanding a payment-processing or cash-flow management initiative.

Clearly defined goals in the early stages of a project are crucial to helping stakeholders understand how success will be measured – especially since goals may change based on evolving information. Clear **quantitative** goals will motivate stakeholders toward a common purpose and let them measure progress. See Table 1 for some sample KPIs.

Sample Quantitative Key Performance Indicators (KPIs) for Payments and Cash Flow

<table>
<thead>
<tr>
<th>KPI</th>
<th>CALCULATION</th>
<th>SAMPLE RESULTS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flow</strong></td>
<td>(Incremental cash flow gained – measured as annual spending / 360) x (number of days extended) = cash flow gained</td>
<td>US$1 billion in spending extended 15 days = &gt;$40 million cash flow gain</td>
</tr>
<tr>
<td><strong>Discounts earned</strong></td>
<td>Amount of discounts or APR earned</td>
<td>$1 billion in targeted spending typically earns $1 million to $2 million in early-payment discounts</td>
</tr>
<tr>
<td><strong>Payments automated</strong></td>
<td>Number of payments automated</td>
<td>Checks converted to Automated Clearing House (ACH) payments or existing payments converted to a new method such as card settlement</td>
</tr>
<tr>
<td><strong>Supplier participation</strong></td>
<td>Percent of targeted suppliers</td>
<td>Increased compliance &gt; increased participation</td>
</tr>
</tbody>
</table>
SETTING A TIMELINE
With your goals defined, the next step is to establish a timeline. Start with the date you want to go live with your payments or cash flow program and work back from there. Your timeline should include the milestones outlined in Figure 2.

Figure 2: Timeline for Rolling Out an Effective Payment or Cash Flow Initiative

Establishing clear goals and a project timeline will be critical to success. Investing the time in planning up front will both streamline your project and improve results.

HOW WE CAN HELP
To help you get started, we offer a goal-ranking exercise and project timeline example. See the appendix for more details.
Executive support is crucial for goal setting, investment approval, resource allocation, meeting deadlines, and achieving goals. Cash flow initiatives are typically sponsored by the CFO with a combined focus on metrics, such as increasing free cash flow by $100 million, and achieving strategic objectives, such as building a new plant, opening or updating stores, investing in R&D, or pursuing mergers and acquisitions. Payment, cash flow, and discount initiatives are often supported by leadership in procurement, treasury, and accounts payables. Procurement owns supplier relationships and should be involved early as a collaborative partner.

Successful programs also require accountable leaders. Choosing the right person to lead your payment or cash flow initiative is critical to success. Select your leaders by skill set rather than by the functional group they support. The ideal candidate will have existing relationships within the company, can sell the program internally, will be innovative and results oriented, act as a change agent, and work as the trusted link between executive leadership and the broader project team.

Improving your cash flow creates enormous value that is difficult to replicate in other lines of business.
PICKING THE RIGHT PROJECT TEAM
A cross-functional team is required to execute a payment-processing or cash-flow management initiative. Each person is vital to the overall success of the initiative. The table below outlines the responsibilities for each team member.

The first step in building your project team is to identify and formalize your executive sponsor and your program manager. These two individuals will play a crucial role in your project’s success. When identifying candidates for program manager, follow the criteria on the previous page—namely, credibility, operational knowledge, cross-functional relationships, and the ability to build trust.

In the next section, we will show you how to estimate value to help gain executive support.

### Core Team to Start a Payment or Cash Flow Initiative

<table>
<thead>
<tr>
<th>ROLE</th>
<th>RESPONSIBILITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive sponsor</td>
<td>Project champion, executive leadership, governance, goal setting, and resourcing</td>
</tr>
<tr>
<td>Program manager</td>
<td>Day-to-day project management, strategy definition and execution, ongoing program support, program growth plan, and executive readouts</td>
</tr>
<tr>
<td>Procurement lead</td>
<td>Supplier communications and negotiating payment terms (when appropriate)</td>
</tr>
<tr>
<td>Accounts payable lead</td>
<td>Support for supplier outreach and vendor master updates</td>
</tr>
<tr>
<td>Treasury lead</td>
<td>Payment type and terms strategy, setting the hurdle rate or cash flow goal</td>
</tr>
<tr>
<td>IT lead</td>
<td>Connectivity, integration, data uploads, and setup of payment types and terms</td>
</tr>
</tbody>
</table>
Clearly defined goals in the early stages of a project are crucial to helping stakeholders understand how success will be measured.

HOW WE CAN HELP
See the appendix to request our project team overview template that highlights the team structure, skill sets, and time commitment required for each role.
Estimating Value

Before any executive – whether the CFO, treasurer, VP of shared services, or CPO – will agree to champion your project, he or she will want to see a preliminary “back-of-the-napkin” estimate regarding the value creation opportunity. This analysis will be revised over time, so it doesn’t need to be perfect on day one. What’s important is to have this information ready so you can clearly articulate the benefit your initiative will bring to the company as a whole.

Here are some general guidelines for initially estimating project value:

**Payment automation:**
$1 to $5 in savings per payment*

**Early-payment discounts:**
$1 million–$2 million in savings per $1 billion of targeted spending*

**Cash flow via terms extension:**
$40 million per $1 billion of targeted spending extended 15 days*

SHARING ESTIMATES WITH EXECUTIVES AND COLLEAGUES

Proposing a new initiative to leadership can sometimes be daunting. You want to be sure to have covered all your bases and considered the impact on all stakeholders. The best way to prepare a presentation on project value is to run it by the people around you – both procurement experts and people from other lines of business.

To help prepare for your early conversations about estimated value, you should take the following steps.

**ESTIMATE YOUR PROJECT’S VALUE.**

For payment automation, dynamic discounts, and extension of cash flow from payment terms, quantify the financial impact in a one-page summary. Start socializing the summary information with colleagues in a way that’s easy for nonfinance experts to consume and understand.

*Based on sample results from customers using SAP Ariba solutions. Results may vary.
Never accept the status quo. Collaborate with all lines of business to transform “old school” processes and thinking to **drive better business outcomes.**
Craft your value "elevator pitch." Rehearse a 30-second elevator pitch on your company’s payment-processing or cash-flow management opportunity and suggest a next step. When speaking with executives, think beyond traditional departmental views on savings and highlight income statement and balance sheet impacts. Before you present, practice your pitch so you know exactly what you plan to say going in.

Make metrics meaningful and align them to outcomes. The value must be more than just a metric; it needs to tie into your company’s strategic goals. Perhaps the estimated discount savings are worth the equivalent of a 5% increase in sales, or the additional cash flow would allow you to break ground on two new stores or build a new manufacturing plant.

Explain the impact of payment terms on supplier operations. If you pay suppliers more quickly than your competitors, you are effectively financing their operations – not yours. It is important to stress the value and competitive impact of optimizing payment terms.

Embrace enthusiasm and learn from skepticism. When you find enthusiastic colleagues, ask for their sponsorship or support to help move forward. When you find skeptical colleagues (we all have them), ask for their specific concerns and objections. They may identify issues you missed in your initial analysis. Be prepared for follow-up discussions, and gather information ahead of the meeting.

HOW WE CAN HELP
For public companies, we offer a one-page value estimate covering value drivers, financial impacts, competitive benchmarking, and revenue growth required to have the same impact as increasing free cash flow. For private companies, a sample output can be shared. You’ll find these listed in the appendix.
To effectively deliver the anticipated benefits, a successful payment-processing or cash-flow management program requires multiple aspects to function well on its own. To keep everything flowing in the right direction, you should keep the following in mind.

Buy right. Purchase orders should be created prior to funds being committed, and employees should receive goods in a timely manner (the same day or the next day, if practical). This eases approvals and creates a longer window to optimize the method and timing of payment.

Pay right. Pay early for discounts or at maturity. Store and maintain bank account data outside of your company’s enterprise resource planning system, and provide rich remittance details to help suppliers effectively apply payments – and cut down inbound inquiries.

Optimize working capital. Set goals for discount savings and cash flow improvement from terms extension. Then create offers and prioritize suppliers accordingly.

Communicate internally. Beyond cross-functional alignment, you must educate your organization on program goals and expectations, so they can share that information in any conversation.

Enforce compliance and supplier adoption. Establish a strong compliance policy, and use a network model (rather than one-to-one connections) for supplier adoption.

As your project progresses, be sure to keep track of the critical dependencies above as well as the goals and functional alignments outlined earlier. Technology will also play an important role, simplifying execution by enabling end-to-end processes, rather than siloed solutions for invoice management, discounting, supply chain financing, and payment.

How We Can Help
In the appendix, you can find a way to request tools that showcase the key requirements and critical dependencies. With this information, you can assess your company’s current state and prioritize quick wins.
Determine **Key Requirements**

Now that the organization has the will, is aligned across different functional areas, and you have shared the estimated value and outcomes with key leaders in the organization, it’s time to focus on the core business and technical requirements to achieve the desired outcome for your project and create value for the enterprise.

**QUESTIONS TO CONSIDER WHEN IDENTIFYING REQUIREMENTS**

It’s important to think about what’s required for success, both now and in the future. Answering these key questions will help you to identify your company’s requirements.

**100% spending versus supplier coverage:** To meet your definition of success, will your program need to address 100% of spending or only specific spending and supplier segments?

**Services:** With current staff or a partner, what services and expertise will you need to be successful? Some examples are program design and strategy, supplier enablement, training, and integration.

**Tools:** What tools will you need to accomplish your goals? These could include tools to manage dynamic discounting, supply chain financing, and payment execution.

**Geographic scope:** Based on your supplier segmentation and spend profile, are global capabilities and services a primary or secondary focus?

**Platform versus point solutions:** Is there a bias for a separate point solution for each specific problem? Or do you have a consensus that one common platform across multiple processes is better for your company and your suppliers?

**IT strategy:** What’s your IT strategy? How many connected systems are in scope, and where do they all fit in the process flow – from invoicing through payment?

**Risk mitigation:** In seeking to mitigate risk, which categories are of the highest concern to your organization and its stakeholders?

Once you have answered the questions above, rank your core requirements in order of importance across the four categories outlined in **Figure 3**.
Figure 3: Core Requirement Categories for a Payment or Cash Flow Initiative

<table>
<thead>
<tr>
<th>REQUIREMENT CATEGORIES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Partner</strong></td>
</tr>
<tr>
<td>Experience</td>
</tr>
<tr>
<td>Expertise</td>
</tr>
<tr>
<td>Capabilities</td>
</tr>
<tr>
<td>References and successes</td>
</tr>
<tr>
<td>Global coverage</td>
</tr>
<tr>
<td>Innovation</td>
</tr>
<tr>
<td>Business model and long-term viability</td>
</tr>
<tr>
<td>People</td>
</tr>
<tr>
<td><strong>Functionality</strong></td>
</tr>
<tr>
<td>Dynamic discounting</td>
</tr>
<tr>
<td>Supply chain financing</td>
</tr>
<tr>
<td>Payment automation</td>
</tr>
<tr>
<td><strong>Technology</strong></td>
</tr>
<tr>
<td>Architecture</td>
</tr>
<tr>
<td>Security</td>
</tr>
<tr>
<td>Monitoring</td>
</tr>
<tr>
<td>Single sign-on</td>
</tr>
<tr>
<td>Integration</td>
</tr>
<tr>
<td>Third-party accreditation</td>
</tr>
<tr>
<td>Support</td>
</tr>
<tr>
<td><strong>Services</strong></td>
</tr>
<tr>
<td>Program design</td>
</tr>
<tr>
<td>Best practices</td>
</tr>
<tr>
<td>Implementation and integration</td>
</tr>
<tr>
<td>User and supplier training</td>
</tr>
<tr>
<td>Internal and external communication</td>
</tr>
<tr>
<td>Supplier enablement</td>
</tr>
<tr>
<td>Program management</td>
</tr>
<tr>
<td>Growth and continuous improvement</td>
</tr>
</tbody>
</table>

**HOW WE CAN HELP**

See the [appendix](#) to request a template of core requirements relating to payments and cash flow across partner, functional, technical, and services categories.
Evaluate and Select a Partner

Your organization has defined a set of business outcomes and is aligned on goals and timing. You have support from a cross-functional group of executives. Core requirements have been identified. Now it’s time to select a partner to help ensure the success of your payments and cash flow initiative.

KEY CONSIDERATIONS

Before compiling your shortlist and initiating conversations, you and your leadership should determine which partner criteria are most important for your project. See Figure 4. Determine what you need and want to know, and come with a list of questions. Focus on what’s most important and impactful for your project – in other words, which criteria are must-haves and which are nice-to-haves.

Key considerations include:

Experience: How experienced is the company in payment processing and cash flow management? How many years have they focused on these areas? How many buyers and suppliers have they onboarded? What lessons have they learned and what improvements have they made over time?

Expertise: What is the depth of expertise across the company’s people, its solutions, and its services? Is the expertise specific to one or more solution areas, industries, geographies, and so on?

Capabilities: To what extent do the partner’s capabilities match or exceed your requirements? Think about future expansion and alignment with corporate IT strategy. Will they be able to scale to support you today and in the future?

References and proven successes: Can the partner provide you with examples of success and facilitate discussions with reference clients about their experiences, challenges, and results?

Global coverage: Which countries, currencies, and languages does the partner support? Where does it have a local presence and support for solution capabilities and services?

Innovation: Is there a track record of innovation that extends to a future road map? It is also important to learn about the evolution of a partner’s capabilities and services, and whether it has a history of delivering against a plan.

Business model: How does the partner make money? Does its business model support long-term viability for success and staying power so you can continue to count on it in the future?

People: Do you feel confident in and comfortable with the partner’s people, including the company’s leadership? Projects such as these thrive when they are approached as collaborative relationships. The people you work with can be just as important as the tools you use.
Figure 4: What Capabilities Make a Partner Right for Your Payment and Cash Flow Project?

**HOW WE CAN HELP**
See the [appendix](#) to request a list of core questions to ask potential partners and examples of selection criteria.
Get Ready for Project Kickoff

Just before your official project kickoff, you should focus on getting your team ready, make sure that everyone has time set aside to participate, and confirm your final objectives.

Confirm your team. Before starting your project, it is important that you confirm participation of your executive champion and project leads for procurement, AP, treasury, and IT. They may not be constantly participating, but they need to be informed of their tasks, onboarded, and ready to engage once the program begins. If any changes to the team are needed, now is the time to make them.

Allocate the time. Although you can’t schedule every meeting up front, you should begin the process of setting expectations across the organization so your broader project participants have appropriate coverage and their managers are aware that driving success on this project is their main priority. You should expect the team leads to meet internally at least once a week to review the status of their respective areas and delegate tasks.

Finalize your goals. Before working with your partner to detail specific metric targets, you should take this opportunity to clearly articulate your program goals. For example, if your focus is on improving the health of your supply chain, then your program may not be as aggressive in extending payment terms or pursuing maximum discounts. If your goal is to free up as much working capital as possible, then maximizing extension of payment terms while minimizing early payments will guide the strategy.

Keep these tasks in mind

In the beginning, your AP or IT lead should budget time for data extraction in anticipation of a request from your partner’s delivery team. After an initial review, the AP and procurement teams will be called on to review targeted suppliers and discuss recommended payment terms. Depending on the number of suppliers in scope and the working relationship between AP and procurement, this exercise could require multiple workdays.

How we can help

Refer to the appendix to request a sample project plan that can help you get more control over how your project progresses and who will be involved at different stages.
Project Kickoff

You’re ready to begin. The project kickoff should be a formal meeting – preferably in person – where all your resources come together. All individuals identified earlier in the process, from sponsors to functional leads to the project manager and partner, should be included. When arranging and scheduling your kickoff, pay attention to these two key aspects.

Full participation
You already have your team identified. When putting time on calendars, be mindful of other commitments and previously booked vacations. This is your opportunity to start things off on the right foot and to avoid having key people begin on day one with gaps in their knowledge or expectations.

Adequate time
When everyone is assembled and your partner’s team is on-site, make the most of the opportunity. Work with your partner to design an engaging and wide-ranging day of meetings, including full-group meetings and functional breakouts as needed for direct engagement with IT, procurement, AP, treasury, and executive management. To keep the day flowing well, create a dedicated time slot for questions. Consolidating the Q&A session can keep the agenda on track.

Be sure to choose the right technology partner to ensure the success of your payments and cash flow initiative.
SETTING THE AGENDA
When setting your project kickoff agenda, be sure to include the following items.

Review the reasons for the project. With a large audience assembled, this is the perfect opportunity to walk through the business objectives that drove you to seek a payments or cash flow solution and the projected results that quantify what you’re expecting at the end of the process. This sets proper expectations from the beginning and can help educate team members who weren’t involved in the earlier aspects of the project.

Finalize the plan. After reviewing why you’re launching this initiative, walk through the plan for success, including the technical steps and changes to day-to-day work that will be required. This lets everyone know what needs to happen and who is responsible – on your side as well as your partner’s.

Ensure everyone is connected. Even if the project objectives and plan are common knowledge, the kickoff is the best opportunity to introduce everyone involved in the project. Placing names with faces and clearly understanding who does what and whom to contact to resolve issues that arise are invaluable. Don’t overlook this nontechnical but important opportunity.

Make sure suppliers and internal staff have the training and materials they need to quickly adopt new processes and systems.

HOW WE CAN HELP
A sample project presentation is available that can show you the key pieces you’ll need to cover as part of your project kickoff. This can be the basis of a session you curate, or it can help you prepare for a provider-led engagement. Check the appendix for details.
Implementation and Change Management

Now that your project has kicked off, it is time to focus on implementing new software – an effort that will be handled by your internal IT and external software partner’s teams, with input from your functional experts. As demonstrated in Figure 5, key to your implementation will be to ensure that both your internal staff and your suppliers have the information and training they need to quickly adapt to the new system.

Figure 5: An Effective Implementation and Change Management Strategy
IMPLEMENTATION

Technical implementation is where “the rubber meets the road” for your project. This is also where any customizations or nonstandard fields in your back-end system will need to be neatly mapped or otherwise handled when connecting your system to your partner’s. To keep this on track, you’ll want to communicate effectively and involve functional experts.
Enable clear communication between IT and your partner.
The key here is full transparency, including sharing information on who specializes in which area, who is available as a backup, and where to escalate if an issue goes beyond the scope of someone’s role. This applies to both sides of the relationship for internal systems and the provider’s platform and capabilities.

Communicate clearly with your suppliers. Explain why you are undertaking this initiative, what it means for suppliers, and how their business will improve in the end. Layer in the full benefits of early payments on top of full visibility into invoice approval, payment timing, and details on payment execution. There’s a lot of value that will be delivered to them.

Make sure expert functional leads are available to provide support. Since the systems manage processes that govern the day-to-day life of your staff, the right answer about how a field is used or what data should be visible can be more functional than technical in nature. Ensure the shared roster of contacts, roles, and responsibilities includes people who know these processes in addition to the technical resources.

CHANGE MANAGEMENT
Getting your staff up to speed on how their processes and systems will change is just as important as nailing down the technical aspects of integration. To keep them comfortable while getting them educated, be sure to take the following steps.

Keep training live. The ability to ask questions can make or break a training experience. Whenever practical and feasible, conduct training and role-play scenarios live – either in person or through a Web conference. This helps introduce new tools and processes to your staff while giving them the opportunity to drill down and ask follow-up questions.

Support self-study and review with the right materials. Record all sessions; make supporting materials such as slides, screenshots, and Web meetings available; and compile and revise an FAQ document based on common questions, including those that come up during live trainings.

MAKE YOUR VOICE HEARD
Communicate early and often with internal stakeholders, suppliers, and your partner. This is where your project lead can truly shine by keeping teams coordinated and ensuring that any issues are escalated, tracked, and resolved.

HOW WE CAN HELP
To help ease your implementation and change management activities, turn to the appendix to request sample project communications. These provide a jump start on crafting communications that explain your project to suppliers and internal employees.
Postimplementation and Success Measurement

POSTIMPLEMENTATION
Once your systems are connected and the outreach is under way, your success will be dictated by your ability to onboard suppliers, including updating them on new processes and answering any questions they may have.

Master the day-to-day of using new systems. As suppliers come on board, it is important to clarify changes to payment methods and terms, including having them agree to new discount terms. These changes need to be reflected in your system. Behind the scenes, efficiently processing invoices from receipt through approval will enable you to optimize payment timing and maximize this portion of your business case.

Get suppliers the support they need. When suppliers have questions, you need to direct them to the right person quickly and resolve those questions in a timely manner. Every day a supplier is in limbo is a day they’re not providing you with cash flow, discounts, or electronic payment.

Identify the metrics most meaningful to your organization, then track them continuously.
SUCCESS MEASUREMENT

You know your goals. You know where you stand in relation to competitors. Now you need to track your success against quantified targets.

Track what matters. There are countless metrics and submetrics you can track – but that doesn’t mean you should. Focus on a small number of core metrics, such as the number of suppliers onboarded, dollar value of cash flow, or amount of discounts captured; then, track them continuously. These should be part of every call with your partner and every status update with your executive sponsor.

Stay engaged with your support team. While the breakdown of roles and responsibilities can differ from project to project, know that you’re not alone in this effort. If your partner has information that might make your life easier, ask for it. If priorities or preferences change, keep them in the loop so they can update the strategy. Your partner succeeds when you succeed, so keep them engaged and don’t hesitate to reach out.

Keep your executive sponsor informed. Through good times and bad, your executive sponsor must be kept up-to-date on project status. When things are going well, you build confidence in the project. When there are struggles, the executive sponsor can help connect different teams and even secure additional resources.

Make status calls a priority. Your partner will likely set up a regular standing meeting to review progress and introduce escalations. Poor attendance on these calls is an easy way to delay onboarding and stall efforts to move forward.

HOW WE CAN HELP

To help you measure success, we have provided a sample reporting spreadsheet to illustrate an organized and easily shared project summary for a working capital improvement project. Check the appendix for details.
Growing Your Program

Congratulations. You are up and running, with suppliers coming onboard and financial benefits beginning to roll in. But now is not the time to rest on your laurels. Instead, stay focused on future growth. Here are four steps you can take to drive even better results.

Address previously excluded spending and suppliers. In payment or working capital programs for which you need to engage and collaborate with suppliers, you will typically work with suppliers in batches. Similarly, you may begin outreach to groups that are traditionally more accepting of your goals. For example, supplier categories such as janitorial services, facilities maintenance providers, and maintenance, repair, and operations (MRO) suppliers historically accept discount terms more often than others. Just because certain supplier categories are out of scope to begin with doesn’t mean they should be excluded permanently.

Revisit suppliers that declined or had existing contracts. A supplier with a net 30 contract may be less likely to see the value of early payment than a supplier that recently moved to net 90. Track existing contracts and declines, and follow up three to six months later when the perceived benefit of getting paid on day 10 may be much greater.

Reengage with suppliers that extended terms but were not interested in earlier payment. Like the last group, some suppliers may accept a move to net 90 without seeing an immediate need for early payment. When you revisit them later, circumstances may very well be different.

Incorporate net-new suppliers from day one. Any standard net term that you implement during outreach should be applied not just in this program but to all net-new suppliers. The same goes for the set of defined discount terms that you offer during outreach. Make these available up front to new suppliers and grow your working capital savings from another angle.
With these four steps completed, you can consider the following actions for additional program expansion.

**Work with your partner to plan ahead.** You should always be looking for new avenues of program growth. The right time to conduct analysis and plan for the next wave isn’t when the current outreach is complete; it should happen in parallel. This ensures a smooth transition between phases with minimal downtime.

**Gather feedback on expanding the scope of the program.** The execution phase of each project wave gives you the opportunity to hear from suppliers about what is attractive and what is not. Use this insight to inform future waves – and to address issues you’ve uncovered before they pop up again. If you’ve kept your executive sponsor and management informed about program success, you may uncover an opportunity to expand the program to new supplier groups, spend categories, or geographies that were not initially in scope.

Every day a supplier is **waiting for an answer** from you is a day they’re not providing you with discounts or opportunities for improved cash flow.

**HOW WE CAN HELP**
A sample wave planning and analysis worksheet is available to show how you might implement a prioritization approach and timeline for supplier outreach and onboarding. More information is available in the [appendix](#).
Next Steps

The guidelines and recommendations outlined here can help you plan and implement payment-processing or cash-flow management programs that can dramatically improve business performance. These programs are often overlooked in favor of competing procurement or finance projects. But when the business case is developed and results are clearly defined, these initiatives deliver a return on investment that can easily exceed other options.

Your first move is to identify the obstacles to improving your payment processing or cash flow management, and then assemble the appropriate teams to act. We’ve assembled an appendix with valuable tools, tips, and templates that can help you along the way.

To find out more about how SAP® Ariba® solutions can help, contact your SAP Ariba solution representative or go to SAP Ariba Payables.

Stay focused on the future and the growth of your payment-processing and cash-flow management program.
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About SAP® Ariba® solutions

SAP® Ariba® solutions are how companies connect to get business done. On Ariba Network, buyers and suppliers from more than 2.5 million companies and 190 countries discover new opportunities, collaborate on transactions, and grow their relationships. Buyers can manage the entire purchasing process while controlling spending, finding new sources of savings, and building a healthy supply chain. And suppliers can connect with profitable customers and efficiently scale existing relationships — simplifying sales cycles and improving cash control along the way. The result is a dynamic, digital marketplace, where more than US$1 trillion in commerce gets done every year. To learn more about SAP Ariba solutions, visit www.ariba.com.
Appendix

Below is a list of templates, project plans and presentations, worksheets, and other tools from the SAP Ariba solution team that will help you plan, develop, and implement a payment-processing or cash-flow-management improvement program. These are available at no charge.

If you’d like to receive any of these resources, please send your request to SAP_improve-cashflow@sap.com.

Meeting agenda and template that highlights the value of a payment-processing or cash-flow management initiative for the company and each stakeholder, as well as a recommended plan to get aligned

Rank goals exercise and a project timeline example

Project team overview template highlighting the team structure, skill sets, and time commitment required for each role

One-page value estimate for public companies covering value drivers, financial impacts, competitive benchmarking, and revenue growth required to have the same impact as increasing free cash flow

Sample value estimate for private companies

Key requirements and critical dependencies tools with which you can assess your company’s current state and prioritize quick wins

Template of core requirements that covers your partner, functional areas, technical needs, and services for improving payments and cash flow

List of core questions to ask potential partners and examples of selection criteria

Sample project plan to help you get a handle on how the project will progress and who will be involved along the way

Sample project presentation that can show you the key elements of your project kickoff, can be used as the basis of a session you curate, and can help you prepare for a provider-led engagement

Sample project communications to give you a jump start on crafting communications that explain the project to suppliers and to internal employees

Sample reporting spreadsheet to illustrate an organized and easily shared project summary for a working capital improvement project

Sample wave planning and analysis worksheet to show how you might implement a prioritization approach and timeline for supplier outreach and onboarding