

SAP Solution Brief

SAP Ariba Financial Supply Chain | SAP Ariba Payables

Transform Payables into Strategic Assets





Time your payments to improve your company's balance sheet

Your ability to time payments is as valuable to your business as increasing sales. By paying sooner to take advantage of early-payment discounts, you could earn double-digit cash returns, risk free. By proactively managing payment terms, you can **free up cash flow to support your business** and manage cash and working capital at the speed of the Internet.

The SAP® Ariba® Payables solution empowers you to do just that – by automating payables processing and precisely timing payments. Delivered over Ariba Network, our solution and services enable you to improve on-time payment performance, standardize payment terms to optimize working capital, and support your suppliers' cash flow needs through dynamic discount and supply chain finance programs.

Once your approved invoices are sent to Ariba Network, buyers and suppliers can view invoice status and collaboratively manage payment timing.

And with our payment capability, you can simplify business-to-business payments by consolidating paper check, card, and electronic payments on one platform.

Our network-based approach helps you elevate payables from a balance-sheet liability to a valued asset. And you can use the power of a global, shared business network to make a single connection to multiple trading partners, eliminating the time, effort, and cost of one-to-one connections.

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Boost return on short-term cash with early-payment discounts

For organizations looking to increase returns on cash, there's arguably no better option than early-payment discounts from suppliers. With the discounting capability for SAP Ariba Payables, you can take advantage of dynamic early-payment discount programs, maximize discount savings, earn impressive returns on cash deployed, and increase supplier participation. Combining discounting with a program to standardize payment terms, you can also maintain or increase your days payable outstanding (DPO).

Additionally, through Ariba Network, discounting enables you to extend early-payment discount offers to suppliers – and automate the discounts from initial offer to agreement, including transactions with prorated or dynamic discounts. You set the “hurdle rate” – the minimum rate of return you are willing to accept for discount programs. You control the amount of cash you want to use. And you identify which suppliers or supplier groups to include in a program.

Boost return on short-term cash with early-payment discounts

Maintain or extend DPO by managing payment terms

Increase free cash flow with supply chain finance

Close the loop with flexible payment options

Employ a global business network to connect and collaborate



Improve your income statement with dynamic discounting.



Powerful reporting lets you track metrics such as discount volume, average discount rate, transaction volume, and supplier growth rates. You can compare results to other periods, supplier-specific discount metrics, and other criteria.

For organizations interested in global rollouts, the discounting capability for SAP Ariba Payables

supports the creation of dynamic-discount credit memos on your supplier's behalf, as required in countries with value-added taxes or other indirect taxes. Buyers can also configure currency-specific annual percentage rates for buyer-initiated discount offers, yielding better business controls and maintaining the stability of their DPO.

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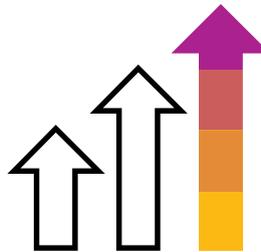
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Track metrics for improved transparency,
better insights, and optimized payables.





Maintain or extend DPO by managing payment terms

Payment terms can quickly become unmanageable as buyers negotiate contracts with suppliers. Organizations with teams of buyers and thousands of suppliers can have more than 100 distinct payment terms. Limiting varied payment terms can improve DPO performance, so that you don't pay your suppliers more quickly than other companies in your industry.

With our discounting capability and a strategic payment-terms standardization program, you get the best of two worlds. You can extend payment terms with many suppliers and offer early-payment discounts to others that prefer to get paid sooner. The net effect is that you can increase your return on cash from these discounts while maintaining or extending DPO. With an increase in free cash flow, you can pay down debt, open a new store or manufacturing plant, increase R&D, support mergers and acquisitions, fund a new product line, or support some other activity to grow your business.

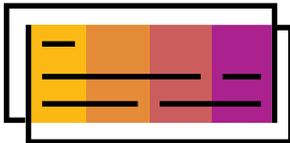
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Combine payment-terms standardization and dynamic discounting programs to **improve cash earnings and maintain or extend your DPO.**



For companies that lack the time, expertise, or resources to manage dynamic discounting, payment terms, or broader working capital programs, our working capital management services team can help. We bring decades of experience helping organizations design, run, and maintain effective programs. We can help you define a strategy, execute against it, and track performance along the way.

With our support, you can free up significant working capital, dramatically expand early-payment discounts, and jump-start related working capital programs. Our specialists can also reach out to new suppliers on a regular basis to continue to grow your program.

Boost return on short-term cash with early-payment discounts

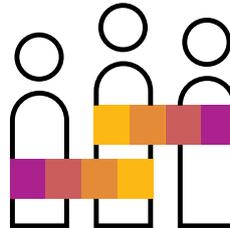
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Take advantage of our extensive consulting experience. We're here to help you **optimize your working capital.**





Increase free cash flow with supply chain finance

SAP Ariba Payables includes the supply chain finance capability to complement your strategic objectives. This helps you optimize cash flow by extending payment terms with suppliers while also providing a third-party funding option to pay them early for a discount.

Using our global, multifunder platform, supply chain finance is not limited to high-spend suppliers but also serves those midsize suppliers needing low-cost, on-demand financing. Suppliers can also accelerate their days sales outstanding without borrowing or increasing debt.

Supply chain finance is not a “one-size-fits-all” solution. You can address the supply chain finance

mix that is specific to the needs of your organization or your suppliers regarding cash flow and working capital requirements, depending on the way you do business. You can identify hidden cash flow opportunities, design different payment-term strategies on an individual supplier basis, and gain access to a multifunder platform that is scalable, secure, and global.

Whether you want to improve your working capital and operating cash flow, to assist your suppliers by accelerating the flow of payments, or to provide a lower-cost financing alternative, supply chain finance is an important tool. Benefiting both you and your suppliers, it can help you further realize the strategic value of payables.

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Our payment capability enables you to consolidate multiple payment options on one platform, whether paper check, card, or next-generation electronic payments.

Uniting Ariba Network with our payment partner ecosystem, electronic payments from SAP Ariba Payables marry the payment transaction with comprehensive remittance details from prepayment documents such as invoices, purchase orders, and contracts. That's much more payment detail than other electronic settlement methods. The result is a transformative payment process

that boosts the certainty and security of cash flow and streamlines the payment and reconciliation process with real-time, track-and-trace functionality.

How do you ensure the security of your business payments? Electronic payments with the SAP Ariba solution virtually eliminate the need to maintain sensitive supplier bank information inside your back-end systems. Our ecosystem payment partner manages the capture, validation, and ongoing fraud prevention around bank account information.

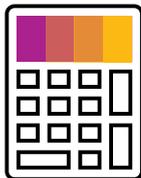
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Simplify reconciliations by delivering comprehensive remittance details with each payment.



With a single, clean, intuitive interface to Ariba Network and multiple integration methods for suppliers to receive remittance directly into their accounting systems, our payment capability provides simpler payment reconciliation and self-service. And for suppliers that don't support electronic payments, you can generate paper check and card payments too.* This all reduces both complexity in business payments and costs.



Take advantage of multiple payment options to **meet different supplier preferences.**

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*Available in the United States



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Connecting with suppliers to reduce supplier inquiries and improve collaboration is a priority for world-class organizations.

With the power and global reach of Ariba Network supporting SAP Ariba Payables, you can provide the full, self-service invoice status visibility your suppliers need, greatly reducing the volume of inbound inquiries. This real-time insight empowers you to collaborate over early payment and working capital initiatives. And Ariba Network provides

the capabilities you and your suppliers need to act on those opportunities at the click of a button.

Ariba Network provides you with an open platform to connect with all your suppliers across all types of spending. It delivers a smart solution to automate your business policies and preferences around payment terms and discount offers. And it provides a simple interface to manage all your transactions with your suppliers.

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Improve the way you **manage cash and working capital** – and help your suppliers, too.





Unleash new business potential in payables

An effective payables strategy in a digital economy combines a global business network, working capital management expertise, and flexible payment options that ensure the simplicity, certainty, and security of business payments.

With SAP Ariba Payables, buyers and suppliers can collaborate across the entire invoice-to-payment process in real time with greater transparency. You can manage the process from invoice submission, receipt, approval, and payment scheduling through funds settlement and account reconciliation.

SAP Ariba Payables supports the end-to-end process and reduces risks, so you can Run Simple in accounts payable, minimizing change management. In addition, your suppliers will benefit from improved collaboration, transaction visibility, and the opportunity to improve cash flow.

By automating your payables with this SAP Ariba solution, you can lower costs, increase cash returns, free up valuable working capital, and consolidate multiple payment types from one platform. This results in a stronger income statement and balance sheet – and simplified business payments.

Unleash new business potential in payables



Empower accounts payable and accounts receivable teams to improve cash flow management and **focus on strategic activities.**



Summary

The SAP® Ariba® Payables solution combines a global business network and working capital management tools and services with the ability to consolidate paper checks, card payments, and secure electronic payments on one platform. This enables you to transform payables from liabilities into strategic assets that contribute to bottom-line results.

Objectives

- Empower all suppliers with self-service invoice and payment status through a global business network
- Capture all existing and new dynamic early-payment discounts
- Manage payment terms to free up working capital
- Close the procure-to-pay loop with flexible payment options – and comprehensive remittance

Solution

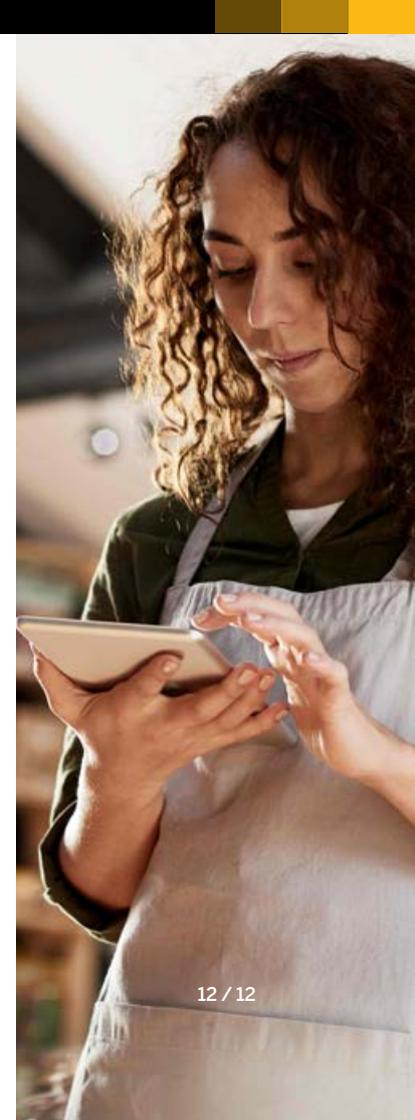
- Payables and working capital management with SAP Ariba Payables
- Integrated delivery of flexible business payment options through Ariba Network

Benefits

- Provide supplier self-service through a global business network
- Potentially earn double-digit cash returns with no risk through dynamic discounting
- Manage payment terms to generate free cash flow that strengthens your income statement and balance sheet
- Simplify business payments with flexible payment options

Learn more

Call your SAP Ariba solutions representative or learn more about our financial supply chain solutions [here](#).



Studio SAP | 52718enUS (17/08)

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