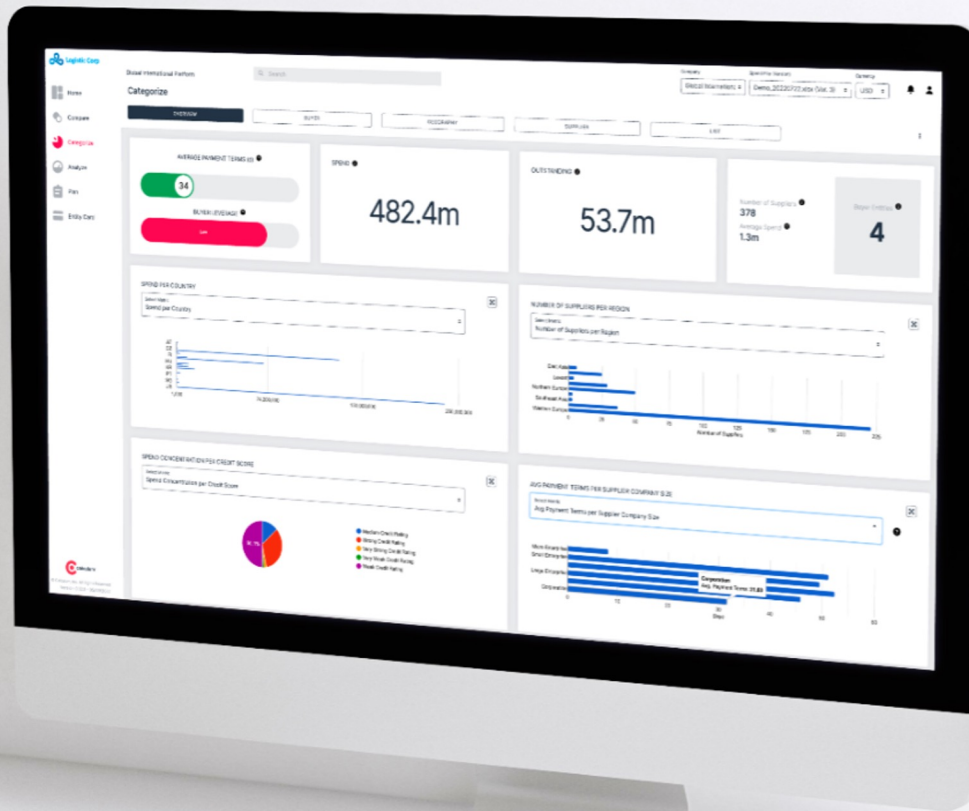


Nashville, Feb 9, 2023



## How to Build Supply Chain Resilience

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## What are we covering?

- **Why is this Topic important & Key Enablers**
- **The Business Problem - Solution**
- **Financing Programs**
- **Why banks are looking at such Programs**
- **Ideal Companies for financial supply chain solutions**
- **Key Success Factors**
- **ADA Platform**
- **Why are Corporates improving Payment Terms?**

## Why is the topic important?



### Cash is King

Corporations who used to focus on trimming expenses and growing sales are now looking at unlocking cash within their companies to build "internal liquidity".



### Focus on Supply Chain Risks

An increasing number of corporates are recognizing the risk of Supply Chain Disruptions.

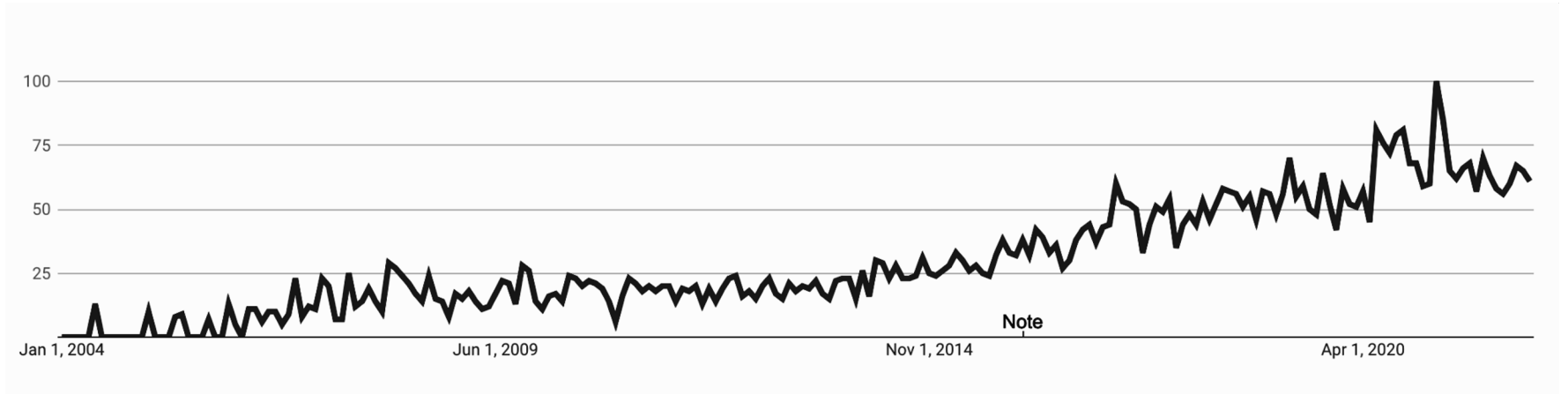
They are looking for ways to reduce these risks for their suppliers.

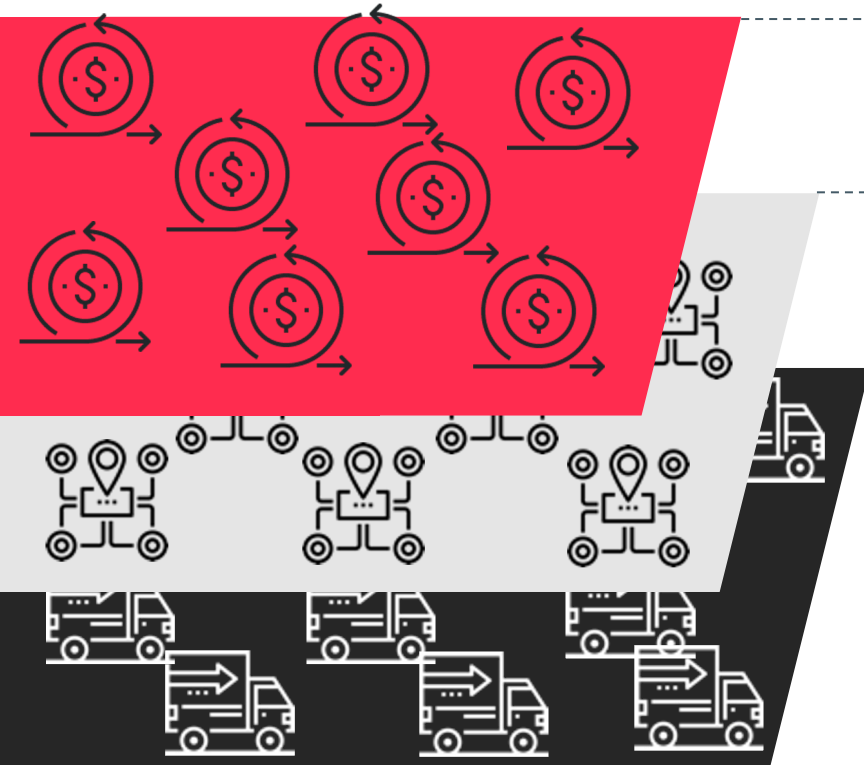


### New Technologies

Fintechs are developing new models for Supply Chain Finance leveraging data analytics and artificial intelligence.

**Term: Financial Supply Chain**  
**Trend: Global**  
**Timeline: 2004-Today**





## Financial Network

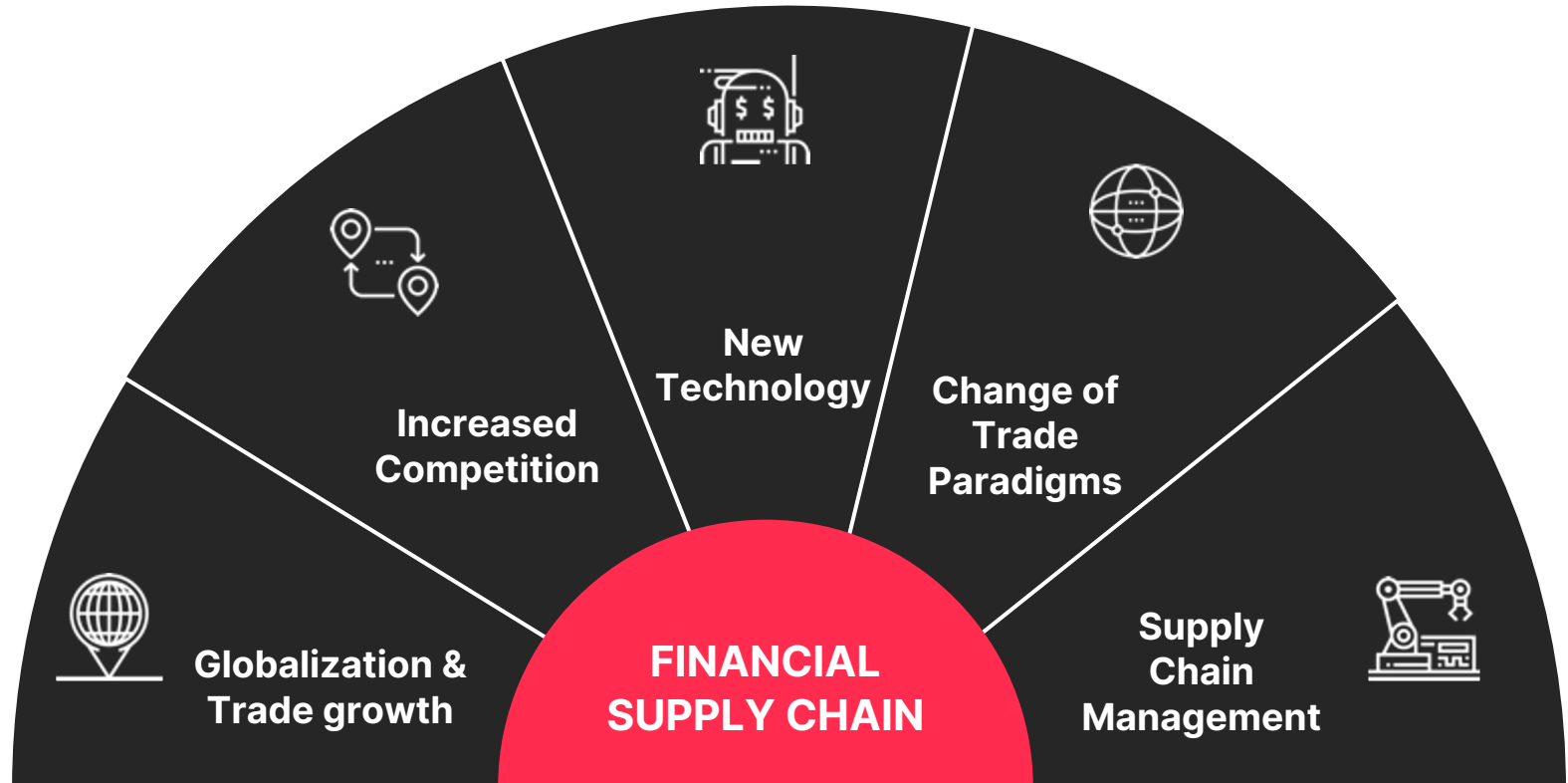
Payments, Invoices, Credit Notes, Credit Risks

## Information Network

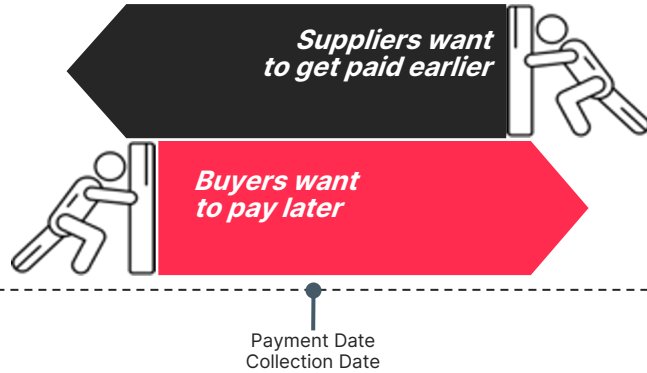
Exchange through information and communication channels

## Network of Goods

Transport, warehousing, logistics

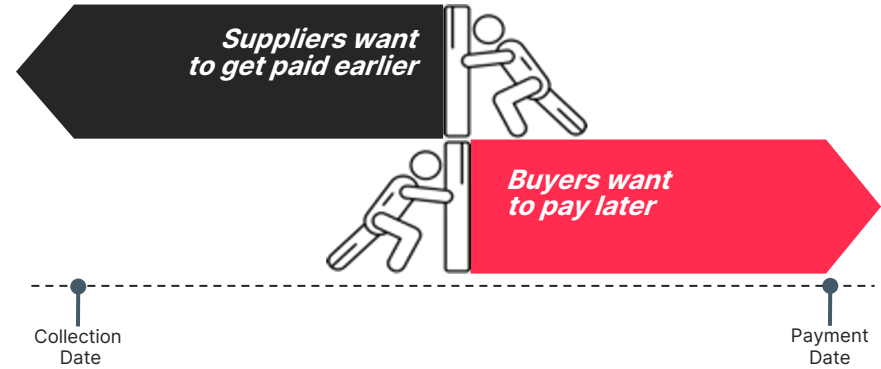


### Working Capital as a Zero-Sum Game



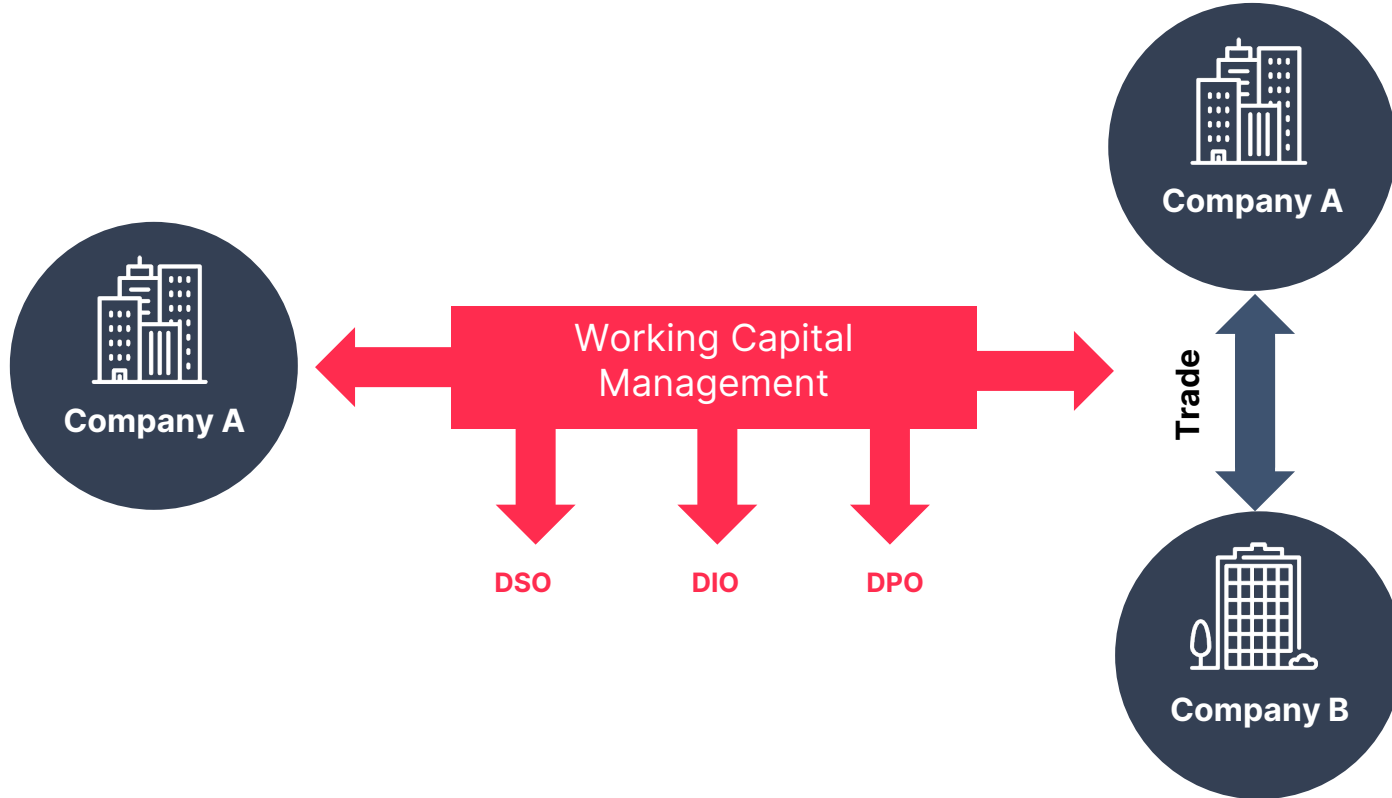
- In commercial terms negotiation, Buyers and Suppliers have conflicting objectives
- Winner is the party with the most leverage and burden pushed to party that often can least afford it
- Initiatives to renegotiate commercial terms often damage relationships
- Friction in the relationship ultimately increases costs and risks to both parties

### Working Capital as a Win-Win Solution



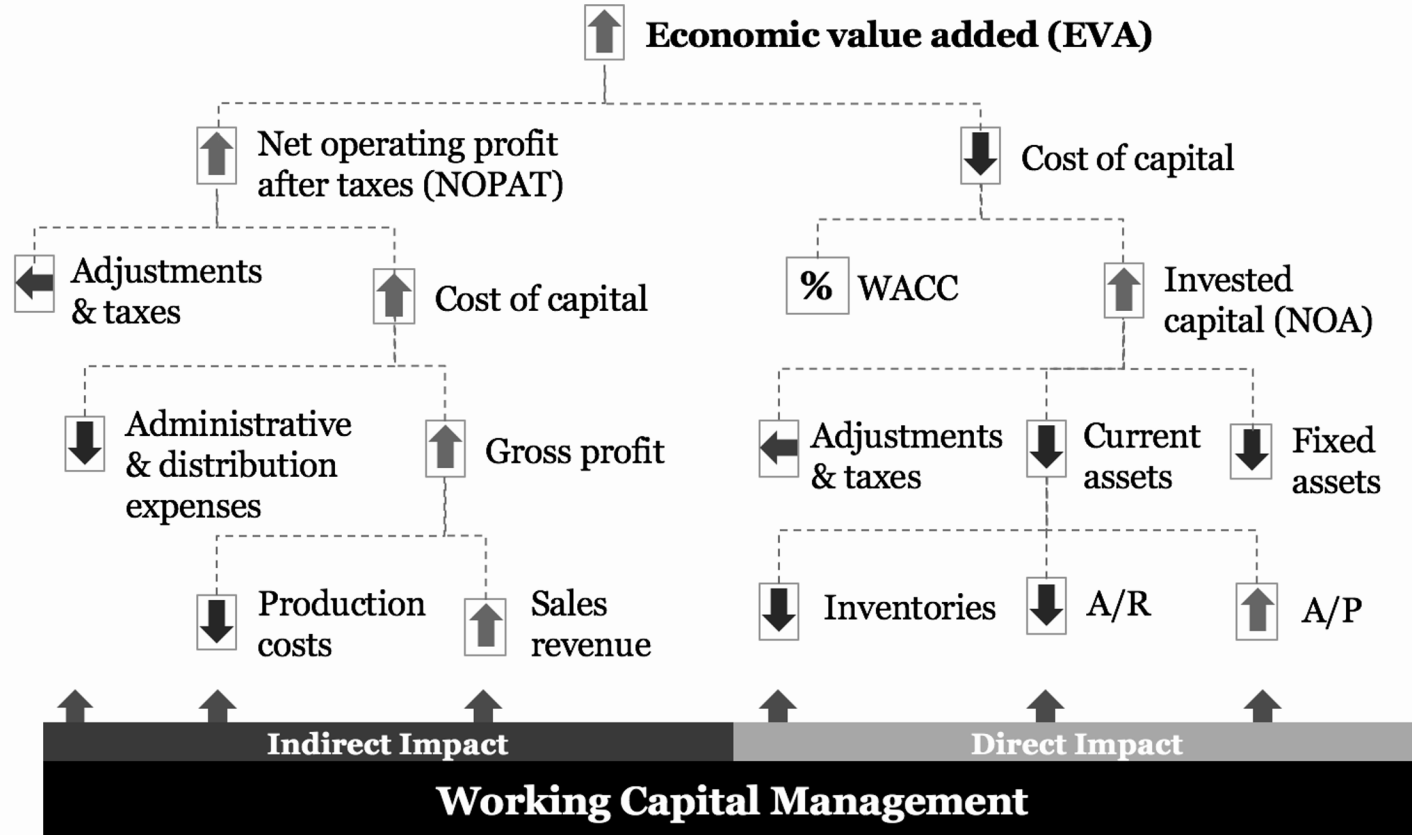
- De-linking the payment date from the collection date through a Supply Chain Finance to create a win-win for both parties
- Enables Buyers to improve their commercial terms with Suppliers
- Enables Suppliers to accelerate collection of their receivable with immediate non-recourse liquidity

## Supply Chain Finance

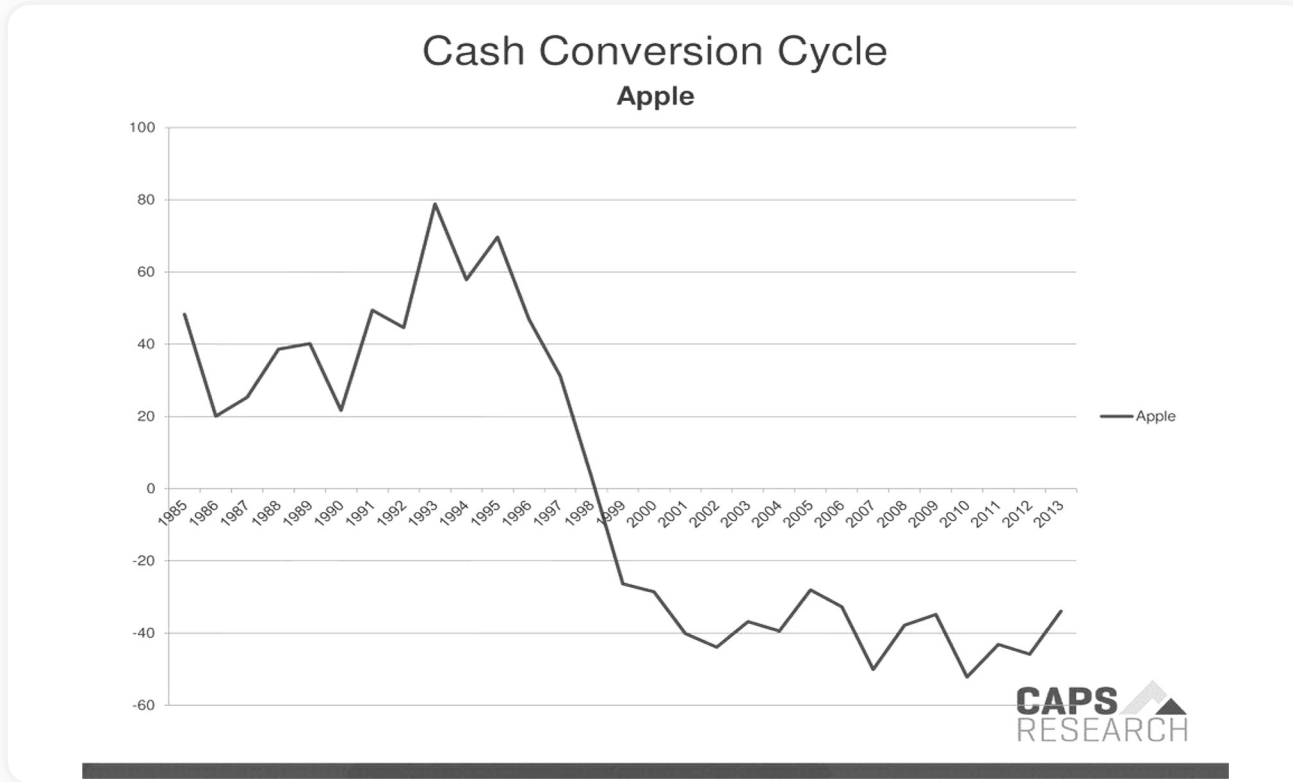




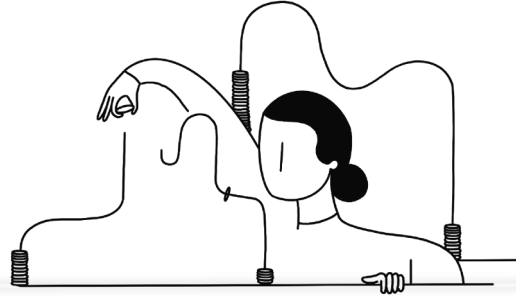
## Link between Working Capital and EVA



## Example Apple



## Focussing on Corporate Goals



### Increase Liquidity

- Reduce Working Capital
- Increase Free Cash Flow



### Cost Reduction

- Improve Margins
- Generate Cash Discounts



### Metrics

- Improve DPO, DSO, C2C
- Optimize Working Capital Turnover



### Supply Chain Risk & ESG

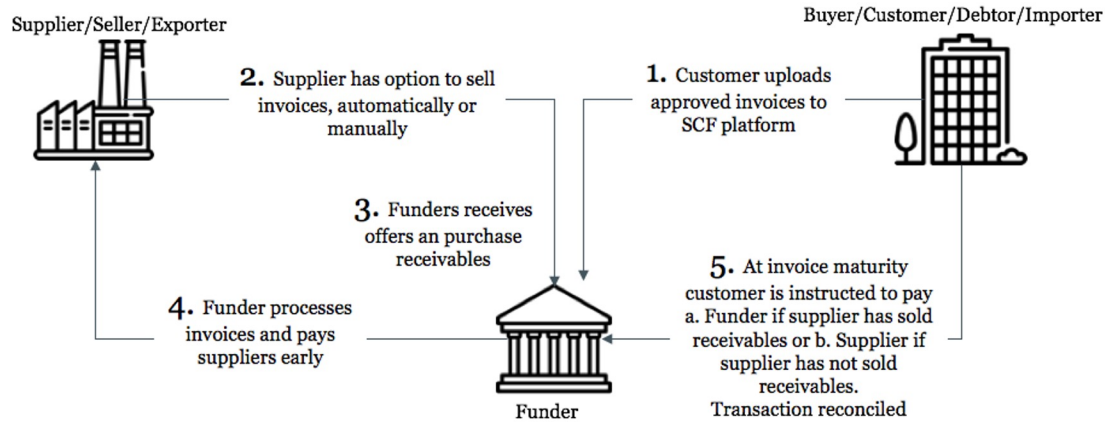
- Help focus on key suppliers and support sustainability



### Competitive Advantage

- Enhanced business insight leading to superior decision making

# Approved Payables Finance



## SUPPLIER BENEFITS

- A/R ↓ DSO ↓ Working Capital ↓
- Off balance sheet, non-recourse finance
- Certainty of payment (forecasting)
- Visibility into payment details

## CUSTOMER BENEFITS

- A/P ↑ DPO ↑ Working Capital ↓
- Standardize payment terms
- Reduce risk in supply chain
- Improve supplier relationships

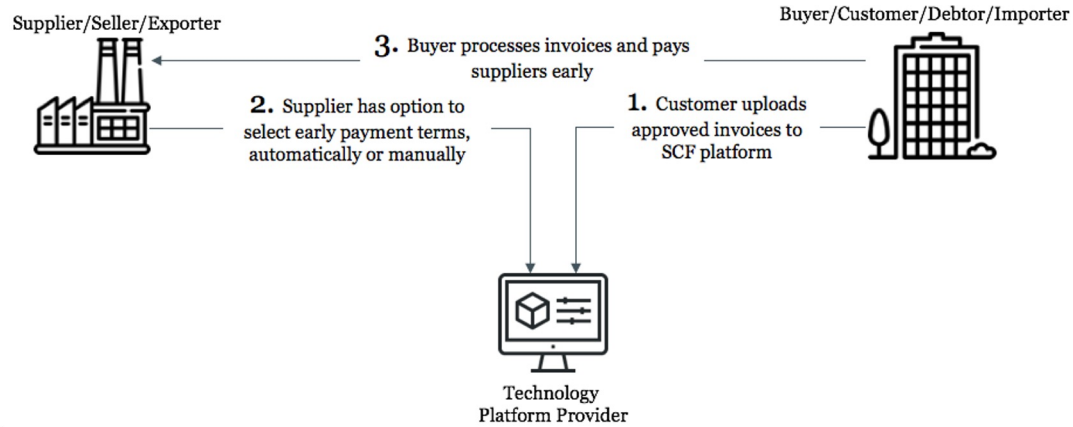
### Example:

Nestlé is dependent on the constant supply of manufactured components from hundreds of suppliers in EMEA. Nestlé wants to improve working capital while reducing risk in their supply chain.

### Notes:

- Other Names: Supplier Finance, Approved Payables Financing
- Sub-variant: Reverse Factoring, Confirming

# Dynamic Discounting



## SUPPLIER BENEFITS

- A/R ↓ DSO ↓ Working Capital ↓
- Off balance sheet, non-recourse finance
- Visibility into payment details

## CUSTOMER BENEFITS

- Collect additional discounts
- Return on surplus cash
- Reduce risk in supply chain
- Improve supplier Relationships

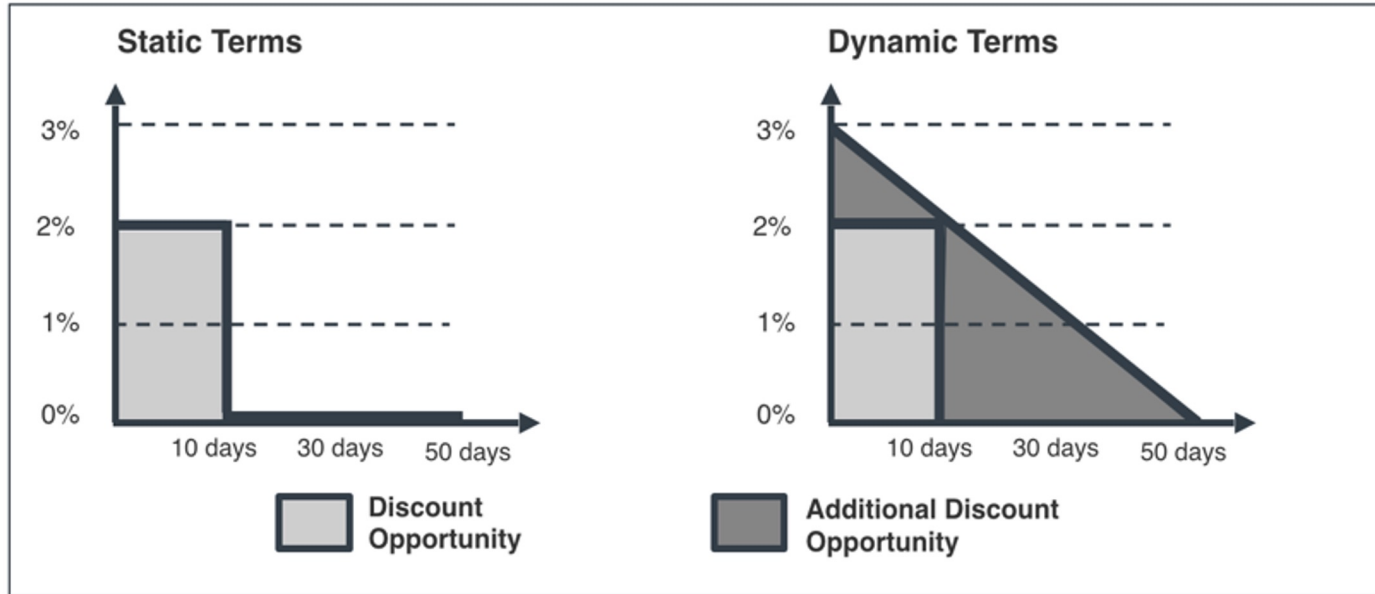
### Example:

Coca Cola Bottling has surplus cash, which the company wants to invest risk free while making a good return and supporting its suppliers.

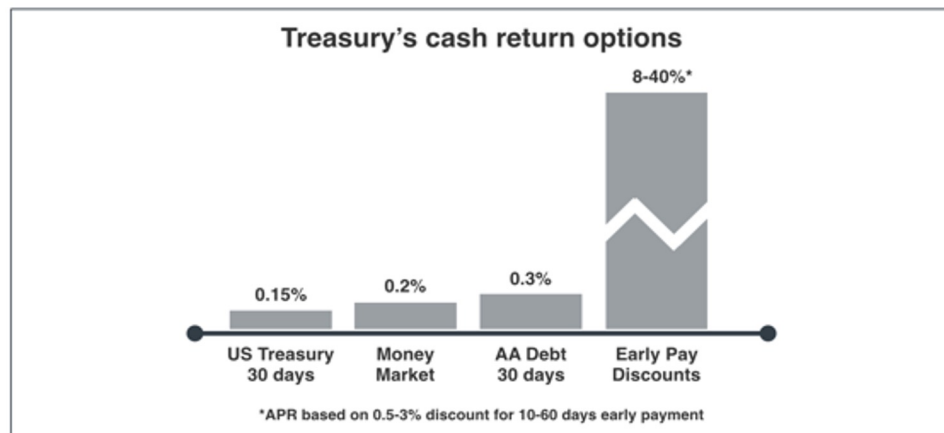
### Notes:

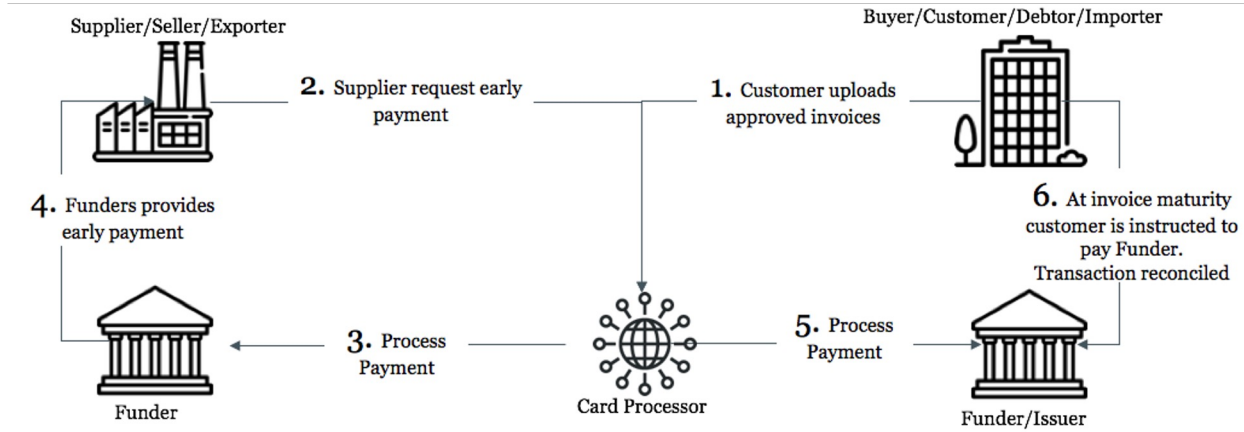
- Other Names: Self-funded Payables Program
- Sub-variant: Auction-based Dynamic Discounting

## Dynamic Discounting Cont'd



## Dynamic Discounting Cont'd





## SUPPLIER BENEFITS

- A/R ↓ DSO ↓ Working Capital ↓
- Off balance sheet, non-recourse finance
- Certainty of payment (forecasting)
- Visibility into payment details

## CUSTOMER BENEFITS

- A/P ↑ DPO ↑ Working Capital ↓
- Allows to receive marketing fees
- Reduce risk in supply chain
- Improve supplier Relationships
- Reduce administration costs

### EXAMPLE:

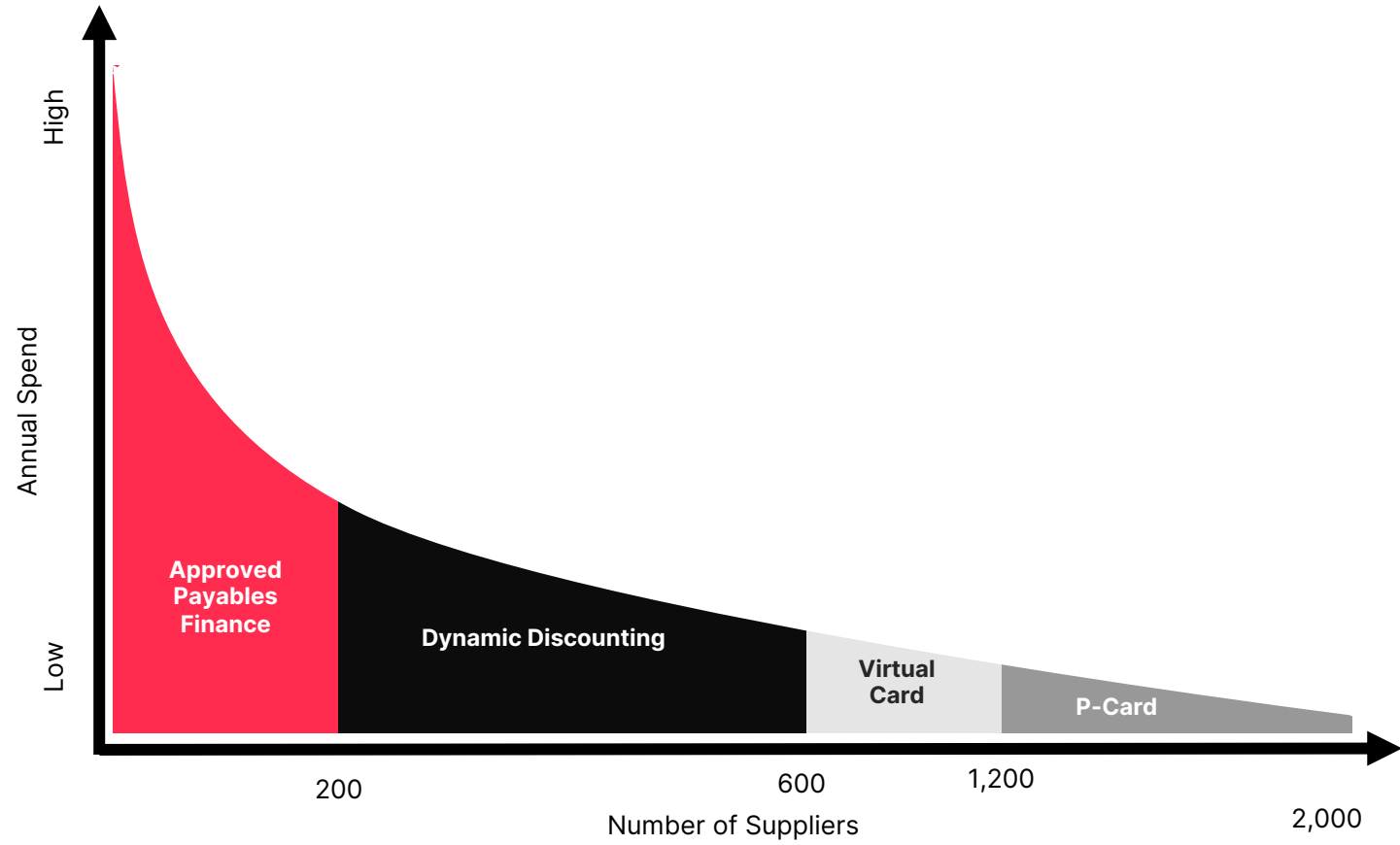
Walmart has thousand of suppliers in the US responsible for their indirect spend. To manage all suppliers with small dollar-amount spend Walmart set up a P-card program with Card Processing company.

### Notes:

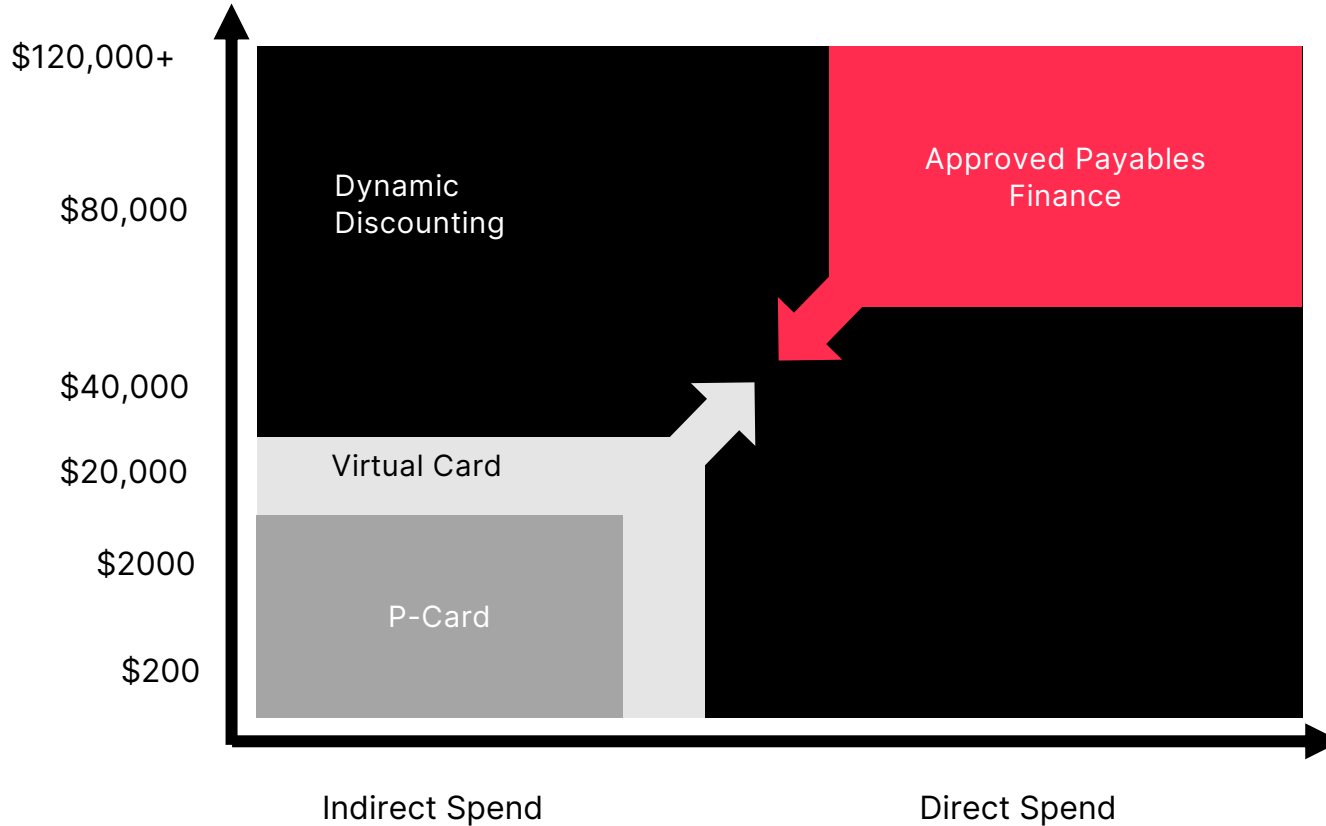
- Sub-variant: Virtual Cards



# Key Differences



# Extending Volumes





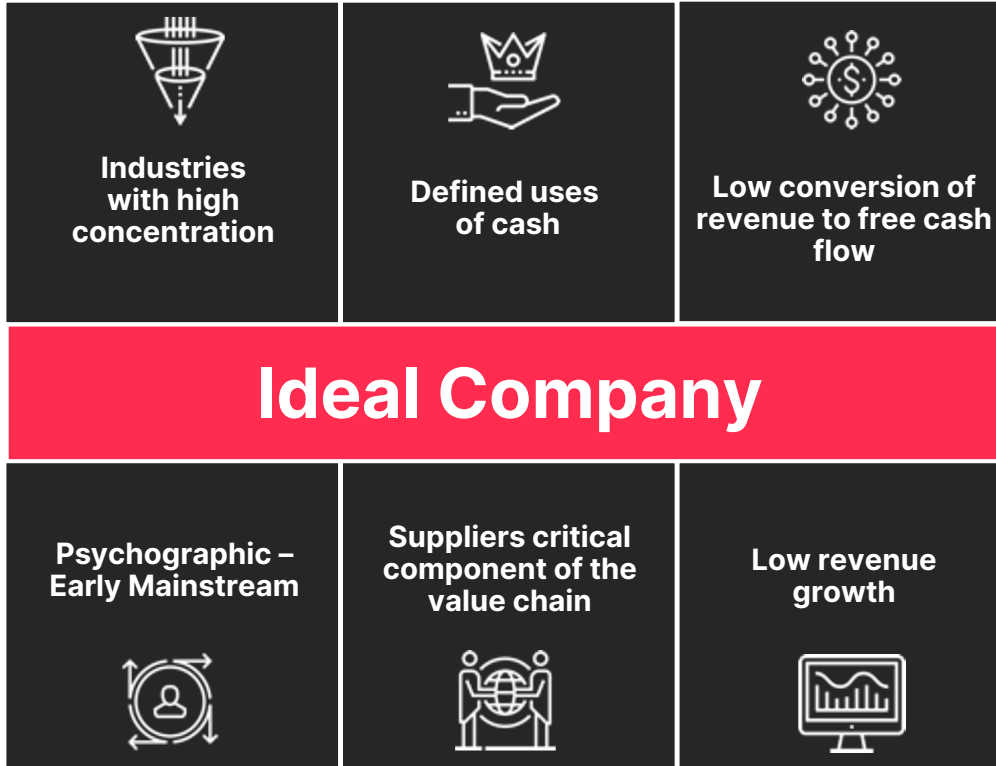
### VALUE TO FUNDER?

- Uncommitted
- Ability to re-price
- Short tenors
- Good margins
- Limited operations
- Access to buyer
- Access to suppliers
- 'Sticky Business'

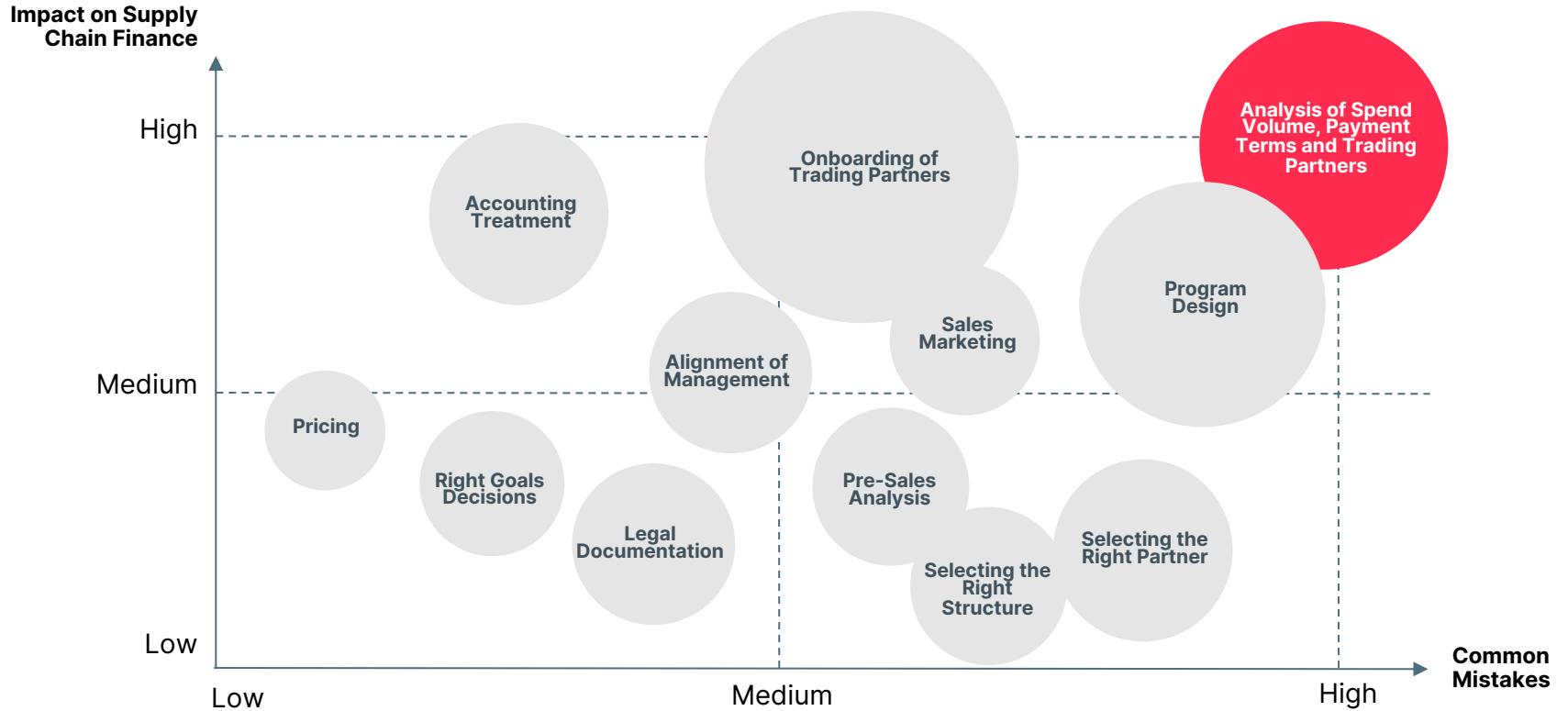
### WHY SELL IT?

- CFO Message
- Strategic
- Open Account Offering
- Cross Sell
- Competition
- Hot Topic
- Working Capital Offering

## Ideal Company initiating Financial Supply Chain Solutions



# Overview Success Factors



## Payment Terms

There are over 200 million businesses in the world. Every one of them is negotiating payment terms with suppliers and customers.

**There is no solution that automates the analysis & discovery on what payment terms should be.**

### Current Market Offering



**100% Manual**

No software applications, no database



**No Technology**

No solution to easily track analysis, review actual results, and provide up-to-date data.



**Slow & Inefficient**

Recommendations not consistent and as good as the analyst who performs it



**No Consistency**

Takes several weeks to complete for only a fraction of the suppliers

**\$1.2 T**

working capital is trapped on the balance sheets across S&P 1,500 companies

**\$0.5 T**

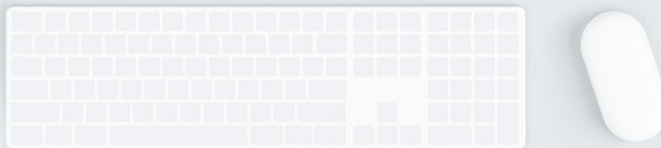
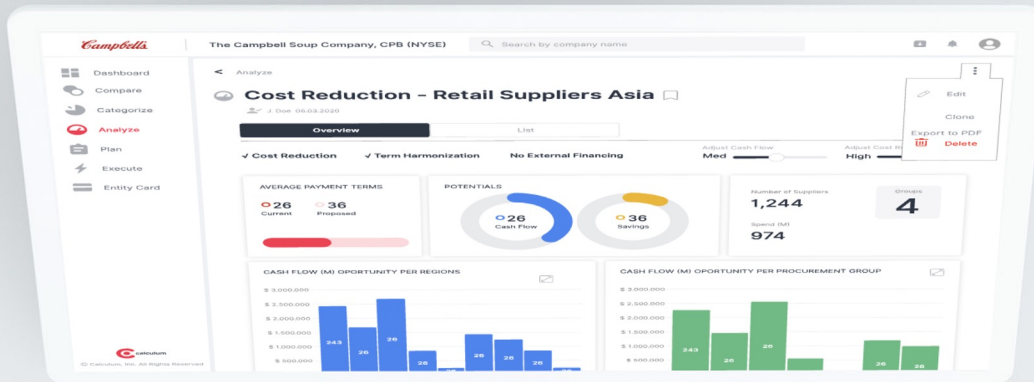
in cash flow could be generated by improving terms with clients

**\$0.3 T**

in cash flow could be generated by improving terms with suppliers

What is Solution?

# ADA



## First AI-driven Treasury Solution



**Leveraging Learning Algorithms**

Allowing you to adjust terms on regular basis



**Only 6 data points required**

We enhance rest of the data on suppliers



**Data is fully anonymized**

Secured access of data.

**45M+**

Cash flow for every billion in spend

**20%**

Average improvement in working capital

**1.1M**

Companies analyzed all over the world

## Why are Corporates improving Payment Terms And their financial supply chain?

# Risk, resilience, and rebalancing in global value chains

McKinsey  
& Company



### Supply Chain Risk & ESG

Help local suppliers in South Asia and promote sustainability



### Increase Liquidity

After being purchased by JAB - company increased successfully payment terms



### Reduce Costs

Increased early payment discounts with suppliers.



### Buy Back Shares/Dividends

Used additional liquidity to buy back shares and pay dividends to improve annual EPS growth



### Competitive Advantage

Free Cash Flow investing in R&D for new products - Project K



# We are reinventing the way companies analyze, manage and negotiate better payment terms - generating free cash flow

## Global Network

📍 Offices Miami (HQ)

🚀 Delaware, 2020

👤 15+ Team members

💡 Experience    



## Mission Statement

**Making supply chains more competitive.**

Using AI and predictive analytics Calculum's mission is to transform the way we select trading partners, negotiate terms, assess risk, forecast demand and improve working capital.



# Q&A



## Connect

 [www.calcium.ai](http://www.calcium.ai)

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Analyze how you do versus your peers

