

## SUPPLY SOURCING TRANSFORMATION

Crossflow has facilitated and partnered with a large global retail corporate to achieve its fast and efficient sourcing transformation

### INTRODUCTION

- Due to recent supply chain disruptions, many global corporates face pressure to move their sourcing supply from dominated Chinese suppliers to other regional sources exchanging efficiency for resilience.
- Diversification and sourcing for new suppliers maybe a long and difficult process when payment terms are negotiated with different pressure points.
- De-risking your sources and having a sustainable and strong supply chain has also uncovered the potential for innovation and market differentiation where technology increases clarity and transparency.
- ESG criteria is another pressure point for environmentally friendly, socially acceptable, and ethically righteous supply chain activities; especially in procurement, sourcing and supplier relationship management-related actions. Consumer and Investor trends around ESG adoption is another driver of Corporate sustainability measurements.



We want to invest in new product ranges and match the required standards, but we need money now to do that

New Vendor



### GLOBAL SUPPLIERS' SOURCING TRANSFORMATION STRATEGY

A large global retailer was looking to diversify and de-risk their supply chain by decoupling from China and distributing their supply chain to other regional suppliers based in Vietnam, Malaysia, and India

However, one of the key challenges that it faced, was to onboard and build its supplier regional network using their standard payment terms and conditions, product standards and specifications along with aligning their ESG vision and goals.

Suppliers, usually small to mid-sized companies, scattered across different geographies, face typical issues in such regions. They require access to additional low cost working capital to increase production or invest in new product ranges matching specifications and customer requirements. They may also require a larger upfront order payment to secure the increased production at the plant. Their key focus is to manufacture and supply the product and get paid quickly.

However, for many suppliers' new terms and product range investments, can be difficult to accomplish without access to low cost finance, and this Corporate was not equipped to handle such diversified payment structures in different currencies.

Learn how to implement the sustainability strategy in partnership with your Vendors and diversify supply chain.

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## GLOBAL SUPPLIERS & CHALLENGES

It's not straightforward to onboard a new supplier, let alone source from new markets as our retailer discovered. There are many considerations to weigh, on such a decision. Cost of entry into new markets and establishing new buying relationships requires time and capital. The reality is that establishing new sourcing markets is always prudent if not an immediate requirement in diversifying risk.

A two-pronged approach to de-risking supply chain could be advantageous, as well as putting provision in place to switch sourcing to an alternative market in the event of trade restrictions. Diversification to new suppliers requires them to gear up to source raw materials and fulfil orders without having to raise capital in expensive local markets.

## ENABLING FASTER PAYMENTS - CROSSFLOW DRIVEN SOLUTION

The key to a common solution across this myriad range of global suppliers is cross industry standards aligned to ESG criteria. This requires investment by suppliers with working capital to enable delivery. Crossflows working capital programme for suppliers enabled it to position the corporate favourably and put them at the front of the queue in case of shortages.

With this MNC, Crossflow is helping ESG delivery development by providing finance through:

- Crossflow provides a global working capital platform integrated to the published ESG standards and scorecard of the MNC.
- Crossflow managed the rollout of the corporate's suppliers in minutes.
- Provided ESG lenders with lower finance cost, linked to suppliers' delivery of ESG objectives.
- Crossflow enabled suppliers to drawdown all outstanding amounts owed to them, which supports a significant working capital injection for the new and existing suppliers

## TOP 4 BENEFITS – COUNTING & MORE

The Retailer has over 1000 global suppliers (combination of Tier 1 and Tier 2)

1. The 1st phase of the program, led to onboarding 40% of suppliers on the platform with total payables of \$100m, balance outstanding over 90 days, with a phase 2 of additional \$200m payables to start in 90 days
2. Immediate drawdown of \$100m enabled the investment to suppliers in new production lines and product ranges as well as opening new value creation markets
3. All suppliers can benefit now from 48hours payment terms via Crossflow service
4. The Retailer has now drawn up a global diversification plan and removed dependency on a single geographic with no impact on their own working capital

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Enabling Vendors access to faster payment was a big win in negotiating preferential contracts. Brand Director, UK Corporate

For further information

Contact Us



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