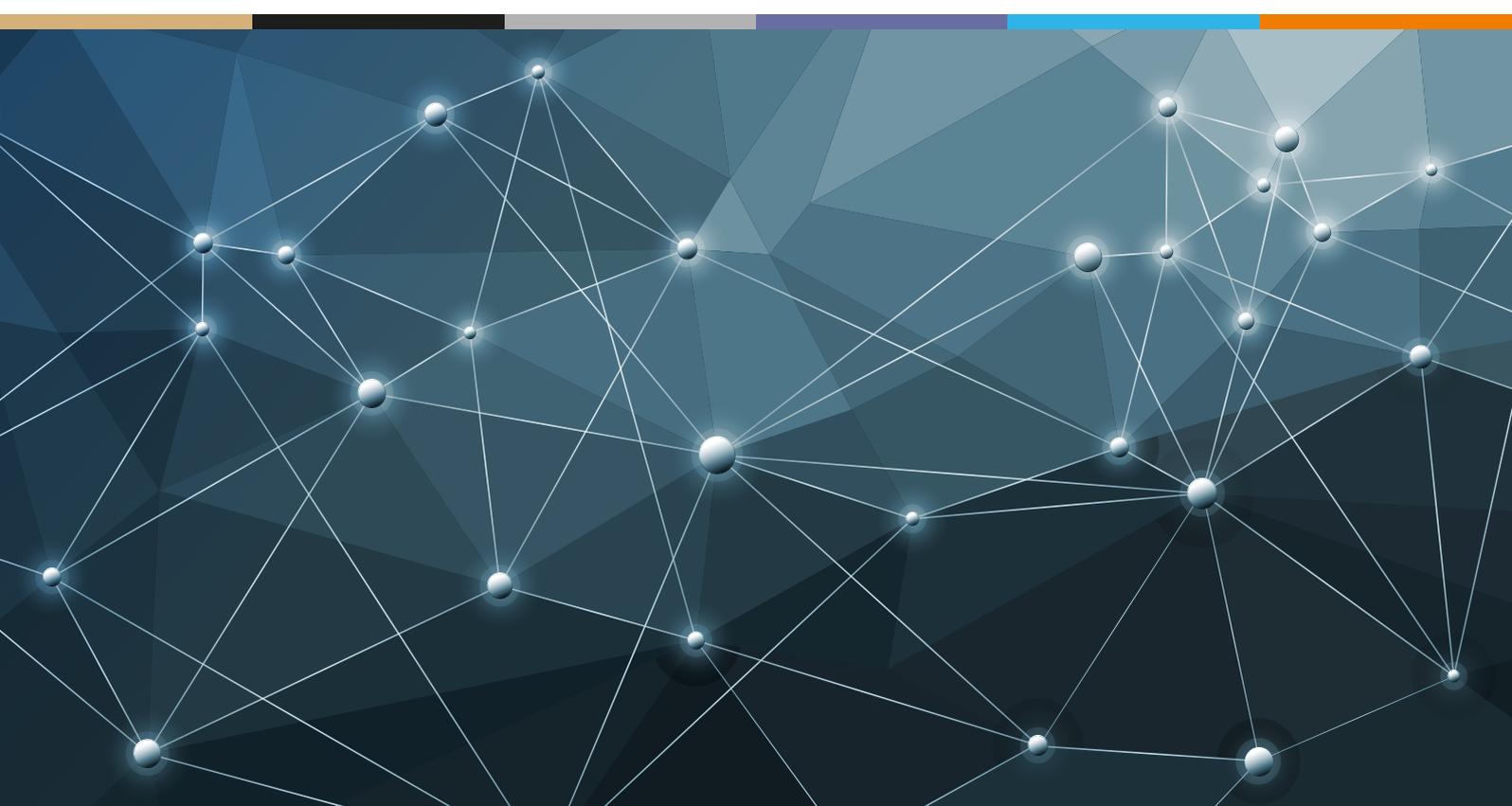


B2B Fintech: Payments, Supply Chain Finance & E-Invoicing Guide 2016

INSIGHTS INTO THE B2B PAYMENTS, SUPPLY CHAIN FINANCE & E-INVOICING MARKET



“ The Guide offers invaluable market insights for professionals in the B2B payments, e-invoicing and supply chain finance space .

Friso Spinhoven | Senior Manager | Innopay

“ This guide, carefully documented, keeps readers informed about the latest developments and opportunities in Fintech, B2B payments, SCF, and e-invoicing .

Michiel Steeman | Co-founder | SCF Community

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SCF Community

Improving Access to Finance for SMEs with the Open RFI Project

Introduction

For a financial service that claims to have a tripartite win-win-win value, current market adoption of Supply Chain Finance (SCF) is still in its infancy. As the credit rating of the larger corporate is leveraged for SCF solutions, suppliers have faster access to cheaper liquidity from invoices. The large corporate can achieve working capital benefits through payment term harmonisation, or it can reduce the COGS (Cost of Goods Sold). Despite clear benefits, the cost and complexity of onboarding small suppliers have resulted in a slower uptake in this group of suppliers and hence, there has been little possibility to take advantage of the benefits SCF can offer.

The Open Request for Information (RFI), launched by the SCF Community on behalf of a group of Dutch multinational corporations, invited over 30 vendors to show how they would apply SCF solutions to smaller suppliers – those with volumes of EUR 200,000 and below. Corporates recognise the importance of SME suppliers and are looking for ways to improve their access to finance. This recognition is underlined by the support of the Dutch Ministry of Economic Affairs for the Betaalme.nu – initiative in early 2015, which is aimed at injecting liquidity into Dutch SMEs.

The objective of the Open RFI was threefold: 1) to provide participating corporates with an overview of available SCF solutions and solution providers 2) to facilitate structured engagement between SCF solution providers and corporates 3) to perform a structured analysis of the SCF market and available solutions for SMEs. This project allowed for direct comparison of leading SCF vendors for the first time in history.

Preparations for an SCF implementation

There are a number of things corporates should address before starting with an SCF implementation. Firstly, the overall SCF strategy should align with strategy on other areas, such as procurement, finance and IT. Next, due to the multidisciplinary character, various internal departments have to be involved in the setup and enrolment of an SCF program.

Thirdly, a spend analysis of the corporate's supplier base needs to be made, in order to support a clear and segmented approach to offer selected suppliers the intended SCF solution. Finally, in order to fully reap the benefits of an SCF solution, the internal processes have to be analysed focussing on the efficiency of the procure-to-pay process.

RFI process and preliminary results

In total, over 30 vendors were invited to participate, and eventually 23 completed the RFI: ABN Amro, Asyx, C2FO, CRX Markets, Fliqer, GT Nexus, ING, Kyriba, OpusCapita, Orbian, Oxygen Finance, PrimeRevenue, ProQuidity, Rabobank, Remitia, Riskco, Santander, Taulia, Terbit, TradeShift, Trefi Finance, Tungsten and Urica. The RFI contained seven categories and participants were ranked relatively in each category.

- 1) Qualifications and Strategy:** The proposed SCF solution had to be well proven in the market and therefore, participants were required to give insights of their track record.
- 2) Solution Scope:** Vendors should be able to onboard suppliers in various countries and currencies and work together with other liquidity providers. Half of the vendors claimed to have a global solution covering all currencies while the rest focused more on Europe.
- 3) Platform Technology:** Vendors had to elaborate how their SCF platform interacts with current IT systems and P2P processes on the corporate side. Almost all platforms were accessible online, flexible to adapt to current infrastructure, and offered manual to fully integrated options to connect to the corporate's ERP.
- 4) Implementation and onboarding:** Given the scope of the RFI (small suppliers), fast onboarding was deemed crucial to participating corporates. Differences exist between vendors in terms of availability of online resources, KYC and due diligence and administrative requirements. →



Matthijs van Bergen Steven van der Hooft

Researcher SCF
Windesheim

CEO
Capital Chains

About Matthijs van Bergen: Matthijs currently holds a position as researcher SCF at Windesheim and is responsible for developing business cases for Corporates and for the project management of Open RFI. He studied Supply Chain Finance and is an experienced independent consultant for over 5 years.

About Steven van der Hooft: Steven gained extensive experience in the field of Supply Chain Finance through roles as director banking at Inchainge, senior management consultant at Capgemini Consulting and while working at ING. In 2015, he founded Capital Chains, a company that specialises in Training & Consultancy on Financial Supply Chain Management issues for both banks as well as corporates.

About SCF Community: The Supply Chain Finance Community is a not-for-profit group for all those involved in supply chains: manufacturers, transport companies, banks, consultancies, technology providers and academics. Its mission is to share experience, best practice and new research, linking across finance, treasury, supply chain operations, logistics and procurement.

www.scfcommunity.org

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5) Transaction Volume: Availability of both funding and platform is an important factor in selecting a solution provider. The benefits and pitfalls of various sources of funds and structures are examined and collated.

6) Accounting & Legal: Maintaining trade payable status is important for corporates, and accounting regulations should be considered. Each vendor responded with its legal structure to reassure no reclassification issues would arise.

7) Incumbent SCF provider: Since the majority of large buyers have existing SCF programs in place, vendors were asked if and how they would be able to co-exist. All vendors indicated that working side-by-side would be possible, but not all of them had prior experience with this matter.

Outcome of RFI project

The relative ranking, combined with a weighting of the importance for each category by the supporting corporates, has generated the final shortlist. The SCF Community named C2FO, ING, Orbian, PrimeRevenue, Santander and Taulia as the six vendors in its 'Open RFI' project. All six have presented their responses to the Open RFI during the SCF Community Forum in Amsterdam on 18th November 2015.

By gathering and assessing available solutions in the marketplace, the SCF Community has improved transparency for its corporates by providing an overview of SCF solutions and facilitating engagement. This initiative contributes to the Community's goals in developing knowledge on SCF while simultaneously increasing adoption and standards in the practitioner's field. The whitepaper that contains both a detailed analysis of the SCF market, as well as a checklist for corporates interested in offering their own SCF solution can be downloaded from the www.scfacademy.org soon.