Dynamic Discount Management
Moving Toward Mainstream

Q2 2013 Featuring Insights on ...

Benefits of Dynamic Discounting
Reasons for Missed Discounts
Dynamic Discounting Management Tools
Building Blocks of Invoice Automation and Discount Management
Dynamic Discounting Solution Providers

Underwritten in part by taulia®
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Executive Summary

Early-payment discounts – the old math-class calculation of “if Company A buys $100 of merchandise from Company B on terms of 2/10, net 30, what will Company A pay for the merchandise if it pays one week after purchase?” – seemed destined for the history books. The “Company A’s of the world simply couldn’t process their invoices by hand fast enough to beat that “all-or-nothing” 10-day deadline. And the “Company B’s of the world stopped offering them because customers were taking discounts to which they weren’t entitled.

Leveraging the operational efficiencies of electronic invoicing and automated payables, Dynamic Discount Management (DDM), the use of sliding scale or negotiated terms to optimize cash management, has breathed new life into this once moribund practice.

A quarter of Accounts Payable practitioners surveyed by PayStream Advisors in November 2012 report that they are capturing 100 percent of offered discounts. Most companies are taking at least some. More than 90 percent of Accounts Payable practitioners in PayStream Advisors’ most recent automation survey ranked DDM as a priority, with almost 40 percent listing it as a high priority, see Figure 1.

![Figure 1](Image)

*Interest in Capturing Discounts*

Capturing early payment discounts is a growing priority for most companies.
PayStream Advisors has developed this Technology Insight report titled *Dynamic Discount Management: Moving Toward Mainstream*, as a resource for organizations actively exploring dynamic discounting solutions. To compliment this report, PayStream also published the Dynamic Discount Management Implementation Guide. Both the report and the guide are among many resources available in PayStream’s research library at www.paystreamadvisors.com

The *Dynamic Discount Management: Moving Toward Mainstream* report is based on the results of PayStream’s Q4 2012 Dynamic Discount Management survey of over 200 accounts payable and procurement professionals at U.S. based enterprises. Based on the number of survey respondents, PayStream believes that the survey has a confidence level of +/- 5 percent.
Opportunities in Payables

Tell a CFO that your zippy new software solution increases control and visibility of spend, and you might raise an eyebrow. Offer a risk-free return of 12-36 percent or higher on available cash . . . now you've got their attention.

With returns like that, it should come as no surprise that dynamic discounting, trade financing, and buyer-initiated (push) payments have elevated accounts payable automation from an AP, IT and operations issue, to a strategic priority for Treasurers and Chief Financial Officers.

Dynamic Discount Management allows companies to invest their cash safely at rates that can significantly exceed returns from many other traditional investments, including the S&P 500, capital purchases, and even gold. Many payables departments with paper invoices or decentralized receipts suffer from lengthy approval and payment cycles which prevent them from optimizing their financial gain from discounts.

Figure 2
Interest in Discount Capture

While interest in capturing discounts is high, many companies are unable to capture discounts offered by suppliers.
The potential rewards for early supplier payments are great. Even the standard discount of 2 percent for payment within 10 days translates to an annual percentage rate of almost 37 percent. And yet, only about 25 percent of the companies PayStream surveyed were able to capture all discounts offered, see Figure 2. The reasons most often given for failure to take an early payment discount were lengthy approval cycles and lost or missing invoices – both problems commonly associated with manual payment processes and paper invoices, see Figure 3. Despite these clear advantages, challenges remain.

Figure 3

Reasons for Late Payments and Missed Discounts

- Lengthy Approval Cycles: 27%
- Large Number of Exceptions: 13%
- Missing Information on Invoices: 8%
- Lost or Missing Invoices: 21%
- Decentralized Invoice Receipt: 20%
- Other: 11%

Lengthy approval cycles ranks as the top reason for late payments and missed discounts.
What is Dynamic Discount Management?

Dynamic Discounting harnesses the power of electronic invoicing and the cloud to enable buyers and suppliers to propose discount terms that change. Instead of the former static practice of offering a “2%, 10, net 30” discount, dynamic discounting might include offering discounts on a sliding scale that can change daily or even hourly depending upon both parties’ needs. A more recent innovation opens discounts to competitive bids and invites banks and third-party funders to participate. Enabling participants to make the best deal for themselves creates a “win-win” for all parties.

Sliding Scale Discounts

The technology of most Dynamic Discounting solutions provides a user-friendly interface that brings buyers and sellers together and enables both sides of each transaction to benefit by capitalizing on early payment discounts on a much larger scale than was previously possible. There are two key differences between this type of dynamic discounting and traditional static terms:

1. Sliding Scale Discounts decrease with the passage of time.
2. With discounts spread over 30 days, virtually all invoices paid in 29 days or less are eligible for a discount.

Dynamic discounts allow early payment offers on all approved invoices awaiting payment. This becomes especially powerful for invoices that are approved quickly such as those generated directly from a purchase order and those originating electronically via EDI, vendor portal, or eInvoicing network.

Automated solutions are collaborative to varying degrees, allowing both buyers and sellers to come to mutually agreeable discount terms quickly and efficiently. This discount can offer buyers a double digit APR while at the same time satisfying suppliers’ immediate need for cash.

Funding for sliding scale dynamic discounts usually comes from a buyer’s working capital, although banks, auctions and third parties are becoming more involved as word of available returns and relatively low risk spreads. Early payments can be lucrative for large buyers since the typical interest rates underlying the discounts are much higher than the buyer’s cost of capital for risk-free investments such as certificates of deposit.

Third Party Financing

DDM solutions also enable buyers to access an alternative early payment funding source – third party financing. Depending on liquidity requirements, all Dynamic Discount Management solutions aim to improve the buyer’s bottom line, while Third Party Financing can be used to free up working capital.
Third Party Finance solutions come in three types:

1. **Supply Chain Finance** provided by a bank or other financial lenders allows payers to use other capital sources to pay suppliers before the due date.

2. **Receivables Trading** allows sellers to place their accounts receivable in the open market for purchase by hedge funds and private lenders.

3. **Market-Based Price Discovery** is an auction-based type of receivables trading.

1. **Supply Chain Finance**

Some buying organizations may want to limit the amount of working capital they invest. Supply Chain Finance (SCF) is typically used to enable an extension of payment terms by a large buying organization, which results in a one-time improvement in working capital. SCF provides suppliers with access to financing at attractive rates, which reduces a buyer’s supply chain risk.

From an accounting standpoint, not much changes for the buying organization, as the bank advances early payment, “buying” the receivable from the supplier. The buying organization then makes payment to the bank, instead of the supplier. In certain industries such as retail and heavy manufacturing, SCF is an important source of capital to fund the supply chain, providing access to early funds at a rate close to the buyer’s cost of capital. SCF enables suppliers to reduce their Days Sales Outstanding (DSO) without resorting to more expensive financing options such as factoring and asset-based lending. Due to its higher legal and process requirements, SCF is mostly deployed only for larger suppliers, and may not be as well suited for suppliers of all sizes, as is Dynamic Discounting.

2. **Receivables Trading**

Receivables trading enable suppliers to trade their approved receivables for cash in an exchange platform. The exchange houses all the transaction history and buyer/supplier information and facilitates the matching of a supplier interested in early payment with a willing lender. In an exchange similar to factoring, the lender advances the supplier funds before the due date and takes payment assignment from the buyer, who pays the lender before the due date.

The buying organization must approve the invoice and trade payable to be traded before any transactions take place. Upon approval, the buyer can either guarantee payment of an invoice (similar to factoring), or agree to make payments to the intermediate lender. The arbitrage opportunity between large buying organizations and their smaller suppliers makes these vehicles popular for organizations that may not want to use their own capital to fund trade payables. Third party supplier financing solutions position buyers to partner with innovative banks and other lenders to support their supply chains, allowing buyers to retain if not extend, their (DPO).
3. Market-Based Price Discovery

Market-Based Price Discovery is an auction-based type of receivables trading. In this scenario buyers can award early payment to suppliers that bid a discount that meets the buyer’s specific return parameters. Suppliers compete for shares of an early payment cash pool, each according to their own need, with various discount rates being established online. Like all Dynamic Discount Management solutions only approved invoices are eligible for the program. Market-Based Price Discovery provides the treasury organization a low-risk investment option with returns typically higher than other investment vehicles.
Working Capital and Payables

DDM solutions provide early settlement opportunities that serve the cash management needs of buyers and suppliers. DDM provides suppliers with liquidity and buyers with a low-risk, high yield, short-term investment opportunity. While discounts were historically driven by suppliers as an incentive to secure early payment, enhanced visibility into invoice status via automation and collaborative networks are turning the tables and enabling buyer organizations to proactively propose early settlement discounts to suppliers. Third-party financing enables buyers to extend their payment terms through the injection of third-party capital without adversely affecting supplier relations. Suppliers gain additional cash liquidity and stronger balance sheet positions.

Invoice Approval Cycle Times

For many buyers, timely invoice approval was not a priority prior to the availability of DDM tools. Faster approvals didn’t necessarily lead to accelerated payments. In fact, during the recent financial downturn, extending payment cycles allowed many large buying organizations to improve their liquidity. Successful DDM depends upon fast invoice processing – ideally less than 14 days. Since only approved invoices can be used for DDM to work, the volume and number of invoices awaiting payment is the critical ingredient to unlocking DDM opportunities.

Electronic Processes Drive Supplier Interest

Most companies list supplier resistance as the biggest obstacle to implementing DDM. eInvoice automation that makes the solution easy for the supplier to benefit can help overcome that obstacle. Many solutions offer self-service supplier portals integrated with DDM, which provides valuable services to both suppliers and buyers. Since DDM solutions generally accelerate the exchange of information between trading partners and provide improved visibility and control over financial transactions, suppliers’ ability to upload, view and track invoices in real time as they make their way through a buyer’s workflow process, improves the visibility and control they have over AR processes.

Suppliers receive notification immediately upon completion of a buyer’s payables approval process, allowing them to monitor and assess receivables in real time. For the buyer, this translates into a reduction in resources required to resolve discrepancies and respond to inquiries. Both buyers and sellers receive payment data and remittance detail electronically facilitating reconciliation of payables and receivables. In particular, companies holding excess liquidity will find dynamic discounting attractive, as it presents an opportunity to make short term, risk-free investments in their own supply chain at rates superior to most other investments. A dynamic discounting solution will also result in a reduction of AP in the short term but with a lower spend due to discounts earned. Seventy-two percent of companies surveyed cited lower processing costs as a major benefit.
of implementing a DDM solution. Typical savings can range from $1 million to $5 million per billion dollars in annual spend discounted.

Electronic payments, the final step in a fully-automated purchase-to-pay solution, are critical to dynamic discounting, because they accelerate the payment cycle and provide the fraud protection and control required to capitalize on the various discount opportunities discussed below, see Figure 4. ePayments can also significantly lower processing costs by removing the need for printing and mailing checks. Less paper reduces opportunities for fraud. Supplier notification and vendor self-service options reduce the number of supplier inquiries and exceptions. Online search and retrieval tools aid in payment verification and collaborative dispute resolution, as well as compliance with all regulatory requirements.

Enhanced visibility into the timing and amount of payments aids in superior cash flow forecasting capability for suppliers while delivering better cash liquidity and stronger balance sheet positions for suppliers without relying on high cost financing alternatives. Buyers can extend payment terms; suppliers can accelerate cash conversion cycles.

Figure 4

Benefits Achieved by Using Electronic Payments

Lower processing costs ranks as the top benefit to utilizing ePayments.

Enhanced visibility into the timing and amount of payments aids in superior cash flow forecasting capability for suppliers while delivering better cash liquidity and stronger balance sheet positions for suppliers without relying on high cost financing alternatives. Buyers can extend payment terms; suppliers can accelerate cash conversion cycles.

Despite the benefits associated with electronic payments, many companies still issue payments via paper checks. This cumbersome manual-based process
impacts the number of discounts captured since it slows the invoice process time resulting in late payments and missed discounts, see Figure 5 for the primary reasons companies do not use electronic payments.

**Figure 5**

*Primary Reason Companies do not Use Electronic Payments*

Supplier resistance is the number one reason companies do not utilize ePayments.
What Should I Do Next?

DDM generally works well if there is a strong vision and alignment around process improvement. To achieve the long-term value of DDM, organizations need to adopt a strategy involving both procurement and finance, and therefore initiatives should be approached at an enterprise level. DDM initiatives need a strong framework to ensure that programs are approached on a strategic basis which bridges the supply chain, accounts payable and finance functions. PayStream’s analysts have introduced such a framework to help enterprises implement “integrated” DDM and maximize its benefits. When considering DDM, there are a number of features that are valuable to consider, including:

**Dynamic Discounting Management Tools**

**Discount configuration** – flexibility to configure and change discount schemes at various levels, globally for all suppliers, for specific supplier tiers and even at the individual supplier level.

**Discount control** – ability for buyers to specify which invoices will be made available for discounting based on working capital needs and the dates on which these invoices can be discounted.

**Payables portal** – suppliers can log into the portal and view invoices that can be discounted and evaluate the associated financing fees and timing.

**Auction and trading platform** – usually a web exchange where suppliers discount or trade specific invoices.

**Accounting integration** – this tool accounts for the integration and posting of payments, discounts such as changes to Cost of Goods Sold, General Ledger entries to buyers’ ERP and accounting systems.

**Remittance management** – sending the remittance information to suppliers via the portal in a format of their choice so they can easily transfer the remittance advices into their receivables systems.
Reporting & Analysis

When selecting a discounting solution, it is important to consider the strategic as well as tactical capabilities. Just as good inputs are required up front, it is important to consider the outputs, specifically the analytics and reporting capabilities on the back end that will provide visibility to buyers and suppliers and provide decision makers with the tools they need to optimize cash management.

**Standard reports** – most discounting solutions provide a suite of standard reports bundled with their systems that enable authorized users to perform simple and advanced searches to generate reports that provide visibility across transactions to buyers and suppliers.

**Custom reports** – ability to generate ad hoc reports and save the queries as templates.

**Business intelligence** – information gleaned from the procure-to-pay process can be used not only to comply with regulatory requirements but also to provide valuable data for strategic spend analysis.
Implementing Dynamic Discount Management

PayStream Advisors has created the Discount Management Implementation Guide called “The Eight Building Blocks of Invoice Automation and Discount Management” to help enterprises see the big picture, make their business cases and plan their implementation.

1. Purchase-to-Pay Vision
   a. Leadership and senior management buy-in
   b. Cross-functional alignment and support
   c. Clear understanding of the value proposition

2. Purchase-to-Pay Strategy
   a. Clear and concise discount management strategy
   b. Multi-year automation roadmap
   c. Documented metrics to measure progress
3. Supplier Interaction
   a. Defining buyer-supplier collaboration goals
   b. Vendor segmentation and adoption planning
   c. Supplier communication and recruitment strategy
   d. Payment and discount terms configuration
   e. Incentives/penalties to drive supplier behavior

4. Culture and Change Management
   a. Inter-departmental collaboration and shared risk/goals
   b. IT resource allocation and training
   c. Incentive compensation based on goals achieved
   d. Cash management flexibility

5. Process Management
   a. Enhanced invoice visibility and accurate accruals
   b. Cash conversion cycle and DPO goals
   c. Improving processing efficiencies and accelerating approval cycles

6. Purchase-to-Pay Information
   a. Identifying efficiency metrics that need to be improved
   b. Leveraging external benchmarking data
   c. Visibility across transactions and access to data dashboards

7. Automation Technology
   a. Front-end imaging and approval workflow solutions
   b. Electronic invoice submission and receipt applications
   c. Seamless integration with ERP and accounting systems

8. Value-Added Services
   a. Multiple delivery models including hosted and SaaS
   b. Supplier recruitment and on-boarding
   c. Availability of third-party credit and financing
The above framework can be used for internal education and debate in developing the Discount Management vision and strategies. It can then be the basis of an assessment of the enterprise’s current and required capabilities, to help understand its current position and future strategy.
With Taulia, organizations easily automate and maximize supplier discounts while strengthening relationships and reducing friction within the financial supply chain. Taulia enables some of the most innovative brands in the world to truly partner with their suppliers while paying them less.

With the world’s fastest growing buyer network for dynamic discounting, Taulia has exploded in growth over the past two years. Aiming to change how companies conduct business with one another, Taulia is overhauling the invoicing and payment landscape. The Taulia Business Exchange™ solution provides eInvoicing, a comprehensive range of supplier self-services, and an elegant dynamic discounting solution.

Taulia has all but removed the last barrier of entry for dynamic discounting by guaranteeing savings of one million dollars within the first year, or Taulia will cover the costs. This guarantee takes the uncertainty out of investing in this innovative technology, and encourages organizations to finally focus on the health of their financial supply chain without the perceived risk.

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<th>Website</th>
<th><a href="http://www.taulia.com">www.taulia.com</a></th>
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| Awards / Recognitions | » 2013 Hottest Technology Companies  
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Solution Overview

Taulia Inc. provides technology and services to enable organizations of all sizes to achieve real-time electronic and touch-less exchange of information across the entire Procure-to-Pay chain. The Taulia solution enables Procurement to automate and maximize discounts for 100 percent of their supply base. Accounts Payable eliminates non-productive tasks by providing suppliers with comprehensive self-services and free, compliant electronic invoicing through its Software-as-a-Service (SaaS) platform. Taulia’s key differentiator is its solution’s ability to offer discounts on all invoices regardless of submission methods (i.e. email/PDF, electronic, paper, EDI, etc.), a claim no other vendor can make.

Launched in January 2010, the Taulia Business Exchange solution consists of a SaaS platform with a certified SAP Add-On. The certified SAP Add-On can be easily and quickly installed into a buyer’s SAP environment in less than a week and provides secure connectivity to Taulia’s SaaS platform. This duality provides rapid time to value with minimal resource requirements from the buyer’s IT department. It allows the buyer to fully leverage existing business processes and existing data within their SAP system. The buyer continues to maintain control and ownership of data at all times, eliminating the risk of data loss in the cloud. For non-SAP uses, the system is compatible with a host of other ERP back-end systems, such as Oracle, Microsoft Dynamics, PeopleSoft and many others.

For suppliers, Taulia’s self-service portal provides complete visibility into invoice status and cash-flow opportunities. Cash-strapped suppliers may choose to accept accelerated payments at the buyer-offered “interest rate” on-demand or can opt to be automatically paid early on all invoices the moment they are approved.

Supplier Recruitment

Taulia’s commitment to free supplier access is another key differentiator and a critical component for supplier adoption. Combined with the solution’s ease of use, comprehensive data analytics, and powerful cash management functionality, the solution offers a host of benefits for suppliers. Taulia’s comprehensive supplier enablement program, Taulia Now™, uses sophisticated enrollment outreach strategies to onboard suppliers to the Taulia SaaS supplier platform. This program combined with a multistep education campaign to educate suppliers on the process and benefits of the solution ensures that continual engagement lasts well beyond the initial enrollment. In instances where a customer’s vendor master file lacks proper email addresses, Taulia Now has a parallel enrollment process involving direct mail and calling campaigns. Taulia Now offers a follow the sun enrollment program with teams in the US, Germany, Spain and the UK dedicated to maintaining and strengthening supplier relationships, regardless of physical location. Taulia’s marketing efforts and its quick, intuitive, and free signup process result in significantly higher than market average adoption rates.
Typical customers have a third of their suppliers enrolled into the program within the first month, with adoption continuing to increase to well over 50%. For buyers looking for additional guidance and support during supplier recruitment, Taulia offers a turnkey solution and premium services for supplier enrollment.

**Electronic Invoicing**

Taulia firmly believes that an electronic invoicing and dynamic discounting offering must in no way involve a fee structure for suppliers; in simpler terms, if suppliers are charged, enrollment will suffer and ultimately the program will fail. Once enrolled, suppliers have access to free eInvoicing compliant in more than 40 countries and available in over 10 languages. To ensure 100 percent eInvoicing, Taulia's solutions are flexible enough to meet the varying needs of your supply chain. Taulia offers all common invoice submission methods, including integrated eInvoicing ("eFile"), connecting a supplier’s billing system directly from the Taulia network, as well as uploads, flipping a PO, web forms for non-POs or processing of email attachments via OCR with supplier verification. All formats and protocols are supported including EDI, Edifact, XML formats, text files, and others. Suppliers can also manually upload XML and CSV files within the Taulia front-end. To get you to 100 percent electronic, Taulia offers Inbox by Taulia™, a feature that allows suppliers to submit invoices as email. The Taulia system then processes the attachments; runs data capture, and in instances where verification is required, requests the supplier to correct any missing fields. The end result is that you still get all the benefits of eInvoicing, without the hassle of pressuring suppliers to change their current invoicing processes. And for suppliers already connected to other networks, such as Taulia’s partner OB10, suppliers can submit eInvoices to any buying organization connected to the Taulia SaaS platform, without additional charge.

**Dynamic Discounting**

Taulia’s Dynamic Discounting addresses the entire spend of a buying organization – not just those invoices submitted through a network. This dramatically increases the discount capture opportunity. The Taulia solution offers a variety of different discount options to allow buying organizations the opportunity to customize their dynamic discounting to fit their business needs. The solution supports both recurring and one-time discounts. Buyers can choose which types of discounts to offer and which groups of suppliers to offer them to. The solution allows organizations to move suppliers from traditional payment terms, such as “2% 10, Net 30,” to a sliding scale or ASAP payment terms, which happen at the contract/PO stage. Taulia’s supplier facing front-end helps suppliers request early payments in return for a customer defined discount rate. The Taulia solution includes various tools such as the supplier Cash Planner™ feature, making it easy for suppliers to manage their need for accelerated payments – recommending which invoices to request early payments for to meet their liquidity needs, meaning suppliers no longer need to rely on expensive factoring companies to help with their cash flow challenges. Taulia’s buyer facing back-end offers a variety of simple, yet powerful segmentation tools. These tools allow the buyer to group suppliers into Early Payment groups with different interest rates, liquidity thresholds, as well as the option to inject third party financing for selected groups of suppliers (supply chain finance).
Supply Chain Finance is ideal for larger suppliers (typically with over $1 million in annual invoice volume) as the invoice volume justifies the labor-intensive and often paper-based know your customer (“KYC”) process required by most banks. The third party funding enables an extremely competitive (read: low) APR rate that is attractive to your largest suppliers. Dynamic discounting is then used for the medium and long tail of suppliers with the most funding difficulties and willingness to accept higher APR discounts for earlier payments. Taulia and Citi have partnered to offer the ideal solution; one that can address the large suppliers with a bank-funded offering, while also allowing buyers to leverage their own cash to offer early payment discounts to the long tail of their supply chain.

Because of Taulia’s seamless ERP back-end integration, the solution is able to extend the discount opportunities to 100 percent of the invoices for the buyer’s entire supply base. Suppliers can request early payments on invoices while they are being approved (or after approval), or they can opt to automatically accept all early payments. Taulia offers the option of Dynamic Payment Terms, which takes the traditional one-step 2% discount and provides 30 additional discount steps. The DPT campaigning tool enables customers to move suppliers to Dynamic Payment terms and add to their elInvoice supplier base. Furthermore, the Taulia solution offers a complete audit trail and documentation.

**Cash Management**

By allowing the buying organization to set their own APR for discount offers, Treasurers have complete control over the return on allocated cash. In today’s low interest rate environment, the returns on dynamic discounts dramatically exceed money market and Treasury Bonds. Taulia’s solution provides cash management capabilities to both the buyer and the supplier. It supports both a buyer-funded and third party-financing model. The buyer has full control and flexibility for specifying liquidity limits for the program, setting rates and segmenting suppliers based on various criteria, including region, size and spend categories. Taulia advises buyers about the optimal way to segment suppliers and set rates using current and past spend, plus other relevant criteria. A unique feature of the Taulia platform is the Cash Planner module, allowing suppliers to specify any cash amount and the date on which they need the amount. The Cash Planner then suggests invoices that have been approved and are available for early payment to reach this amount. The supplier is then able to request early payments for all selected invoices at once. Then, suppliers can automatically accept all future early payment offers from the buyer, automating the early payment process and maximizing discount potential.

**Reporting and Analytics**

The Taulia solution offers extensive reporting and dashboard tools tailored for Accounts Payable, Treasury and Procurement. All provided reports and dashboards can be customized using the extensive functionality of Taulia’s software partners. For example, customers who also use any of the SAP business analytics solutions, such as BW or SAP Business Objects Enterprise Performance Management solutions, may instantly utilize all information available from the Taulia solution. Transaction data can be downloaded to a reporting tool such as Crystal Reports for further analysis. The customer’s system maintains comprehensive audit logs for all actions taken.
Pricing and Implementation

Taulia offers buyers the choice of an annual subscription fee or a revenue share model based on discounts captured from dynamic discounting, along with a one-time setup fee. Suppliers have completely free eInvoicing, 24/7 invoice visibility and early payment functionality through the collaboration gateway. Typical implementation takes three months, with the average customer seeing in excess of a million dollars in discount capture in the first year. Taulia offers 24 hour support via web, email, chat and phone. During and after implementation Taulia offers interactive tutorials, videos, related documentation, online help, and other ongoing training opportunities. Taulia’s in-house professional services team handles the installation, functional consulting, and customer training while the in-house supplier enablement team supports, trains and educates suppliers.
Taulia Case Study

Largest US Utility Captures Over $70 Million in Early Payment Discounts

Dynamic Discounting Fuels Massive Savings

The largest US Utility has experienced tremendous benefits since implementing Taulia’s eInvoicing, Supplier Self-Services and Dynamic Discounting at the beginning of 2011. With over 23,000 employees and annual accounts payable spend in excess of $10 Billion; this large US Utility knew they needed an eInvoicing and Dynamic Discounting solution to optimize their Financial Supply Chain. The Utility company - an early adopter of EDI, OCR, Automated Workflow solutions, as well P-Cards – was ahead of the curve when it came to choosing their first supplier portal and dynamic discounting solution in 2003. The solution they chose had some limitations: the integration into SAP was far from perfect (but passable) and suppliers could only choose to be paid early on invoices that they submitted electronically through the portal. However, when the vendor decided to monetize (read: charge) suppliers to use the system, the Utility had no choice but to look for another option.

All of that changed with Taulia; the Utility company captured an astounding $30 million in early payment discounts in 2011 and $42 million in 2012. Taulia was chosen for a number of reasons – the deep integration into SAP; no supplier fees as well as discounts available for all invoices, regardless of the submission method.

Results

» Go-live in 3 months
» 99% of previous networked suppliers converted within 5 weeks
» Over 80% of total suppliers enrolled
» $42 million in early payment discounts captured in 2012
» 714 invoices processed / full-time employee (FTE) / day
» Efficiency gains result in leaner AP support staff – less than 1 FTE per billion dollars spend

This Utility has experienced immediate success with the Taulia solution and in their words, “Taulia is just impossible to beat.”
Conclusion

With more than 90 percent of practitioners saying Dynamic Discount Management is a priority (up from 80 percent a year ago), DDM is rapidly moving into the mainstream. The potential for high, risk-free returns and the opportunity cost of failing to act is driving some companies to implement DDM first, and use the proceeds to pay for other AP process improvements. Unlike operational improvements, DDM in all of its forms, has a proven appeal to the C-Suite, and really drives home the benefits of AP Automation.

Research suggests that recent innovations, such as buyer-suggested discounts, are being positively received, even among suppliers not previously known for offering early payment discounts. And, in general, the growing perception of dynamic discounting as a cash management tool is replacing the old entitlement mentality, creating a more amicable and sustainable collaborative environment with less opportunity for misunderstandings and claiming of unearned discounts.

The trend toward Dynamic Discount Management is accelerating and PayStream predicts this trend will become more pronounced as the marketplace becomes more aware of the strategic benefits.
About PayStream Advisors

PayStream Advisors is a technology research and consulting firm that improves the way companies plan, evaluate, and select emerging technologies to achieve their business objectives. PayStream Advisors assists clients in sorting through the growing complexities of IT applications related to business process automation with the goal of making objective, analytical, and actionable recommendations. Wherever business process automation technology is an issue, PayStream Advisors is there to help. For more information, call (704) 523-7357 or visit us on the web at www.paystreamadvisors.com.