



# Supply Chain Finance: Key Trends and What You Need to Know

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# Introduction



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**Global Market Owner**

FIS Automated Finance



Over **25 years** of finance leadership roles as a former practitioner running credit and collections, accounts payable, global corporate card programs, and record to report

- ✓ Have you ever thrown a football?
- ✓ Have you ever hit a hole in one?
- ✓ Have you ever called in sick when you were not?
- ✓ Have you ever received a speeding ticket?
- ✓ Have you ever received 3 or more speeding tickets?
- ✓ Have you ever made a bad hire?
- ✓ Have you ever missed your monthly targets?
- ✓ Have you ever considered Supply Chain Financing?
- ✓ How many of you are using it in some form today?



**HAVE  
YOU  
EVER?**



**Liquidity ~~restricted~~  
unlocked with Automation  
and Receivables Financing**

# Why improve working capital?

## 1 Boosts Liquidity

- Pay bills, invest in growth, and handle unexpected expenses
- Faster collection of receivables turns sales into usable cash

## 2 Reduces Borrowing Needs

- Rely less on loans or lines of credit
- Lowers interest costs and financial risk

## 3 Improves Operational Efficiency

- Reduce manual work, errors, and delays
- Prioritize collections and manage customer relationships with AI and automation

## 4 Enhances Financial Metrics

- Improves key ratios like the current ratio and cash conversion cycle
- Monitored by investors, lenders, and rating agencies

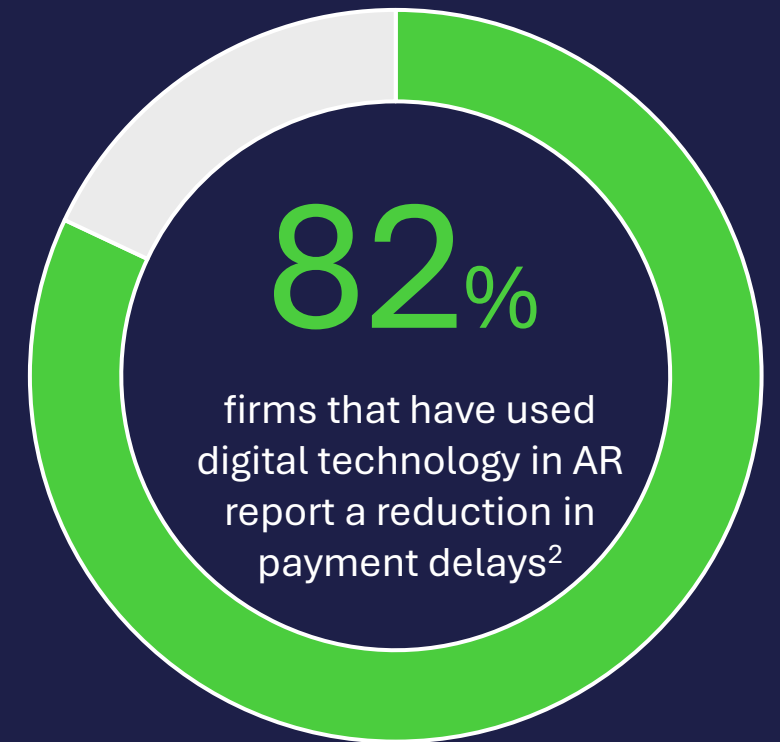
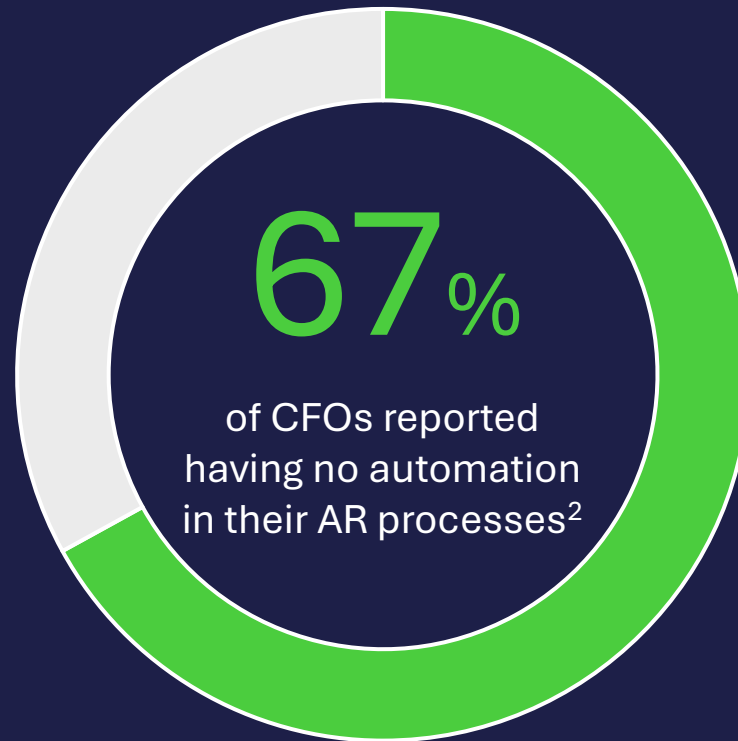
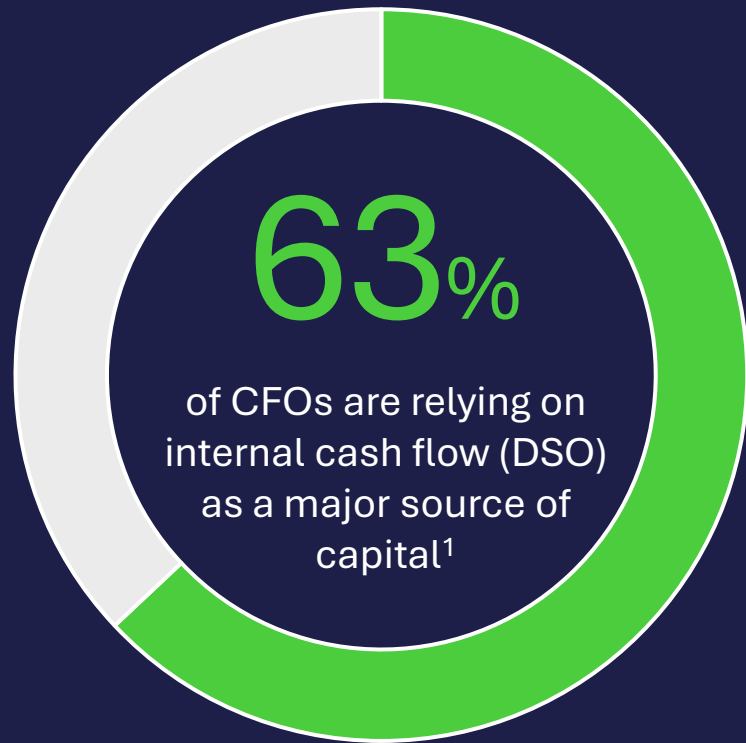
## 5 Supports Growth and Innovation

- Invest in new products, markets, or technologies
- Flexibility to respond to market opportunities quickly



# What CFOs care about?

CFOs are tasked with mastering the modern financial ecosystem and need to shape the future of finance



# Why is DSO so important?

A measure of how long it takes to collect payment after a sale.

- ✓ Cash availability
- ✓ Working capital
- ✓ Financial health
- ✓ Interest costs
- ✓ Customer relationships

**DSO**

$$\frac{\text{Accounts receivable balance (balance sheet)}}{\text{Credit sales (revenue) for the year (income statement)}}$$

✖ 365 days

**Cash flow improvement**

$$\frac{\text{Credit sales (revenue) for the year (income statement)}}{365 \text{ days}}$$



**Managing DSO effectively is crucial for maintaining a healthy cash flow and ensuring the financial stability of the business.**

# A fun ride through tech history in receivables

1950

2025



## Manual

- Paper based
- Largest dollars
- Oldest invoices

### Cash flow



- Cyclical results
- Limited portfolio coverage



## Strategies & automation

- Reduced administrative tasks
- Standardized processes
- Introduction of customer risk

### Cash flow



- Some cash flow improvement
- Reactive approach
- Results plateau over time



## Artificial intelligence

- Predictive future risk assessment
- Optimal efficiency and effectiveness
- Constantly adapting

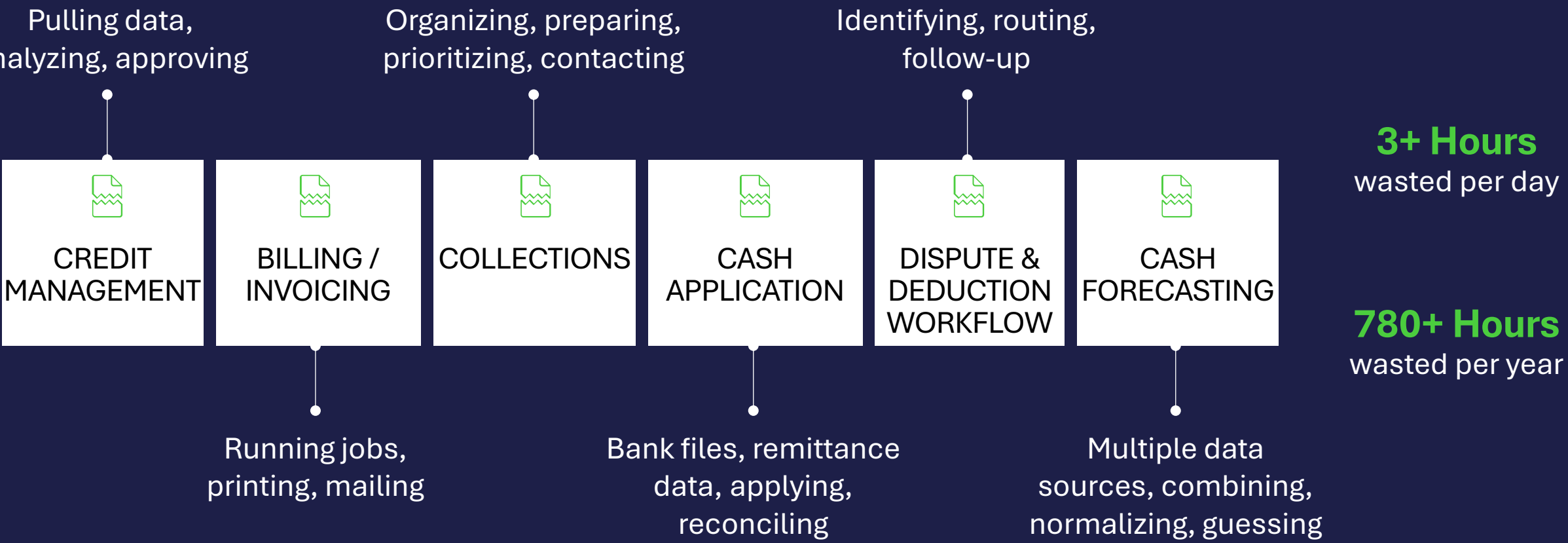
### Cash flow



- Continuous cash flow improvement
- Proactive approach
- Identifies new revenue opportunities

# Receivables processes

Significant opportunity for waste in each manual process



# Challenges in manual processes



Delayed invoicing



Human error



Lack of visibility



Administrative work

# From chaos to clarity

## Challenges faced by finance departments



Inefficient credit analysis and collection efforts



Potentially higher past due bills and/or write-offs



### Credit

Internal historical information is very predictive and could be used to automatically assign credit limits, reducing portfolio risk



### Collections

Inconsistent assignment / prioritization of accounts typically based on invoice amount and due date – reactive approach with some automation

# How does AI improve cash flow and reduce risk?

# 1

## Identification

Internal and external data points to determine a customer's **ability** and **propensity** to pay



New Revenue



Reduced Exposure

# 2

## Prioritization

Automatically **organizing** accounts based on the assessed **customer risk**



Maximize Productivity



Auto-Adjust Strategies

# 3

## Coverage

**Automating contact** of lower risk and self-curing accounts



Automate Contacts



4x Portfolio Interactions

# Focusing where it matters most

Risk Classification	Risk Services Score Range	# Accts In Risk Cat	Cum % of Scored Acct	Cum % B.A.D. <sup>1</sup>	CAR <sup>2</sup> Thru Risk Cat
Extreme	≤ 35.78	321,305	7.6%	51.8%	60.4%
Very High	35.79 to 46.44	186,388	11.9%	67.0%	76.9%
High	46.45 to 55.51	163,172	<b>15.8%</b>	<b>75.3%</b>	<b>84.4%</b>
Moderate	55.52 to 65.49	351,986	24.1%	85.5%	92.4%
Low	65.5 to 73.25	513,070	36.1%	91.8%	95.8%
Very Low	> 73.25	2,714,397	100.0%	100.0%	100.0%



**15.8%** of the accounts hold **75.3%** of all future account risk representing **84.4%** of cash at risk

<sup>1</sup> B.A.D. = Beyond Acceptable Delinquency  
<sup>2</sup> CAR = Cash At Risk

Sample of real client analysis

# Collections prioritization



## WHO DO YOU CALL FIRST?

### Customer A

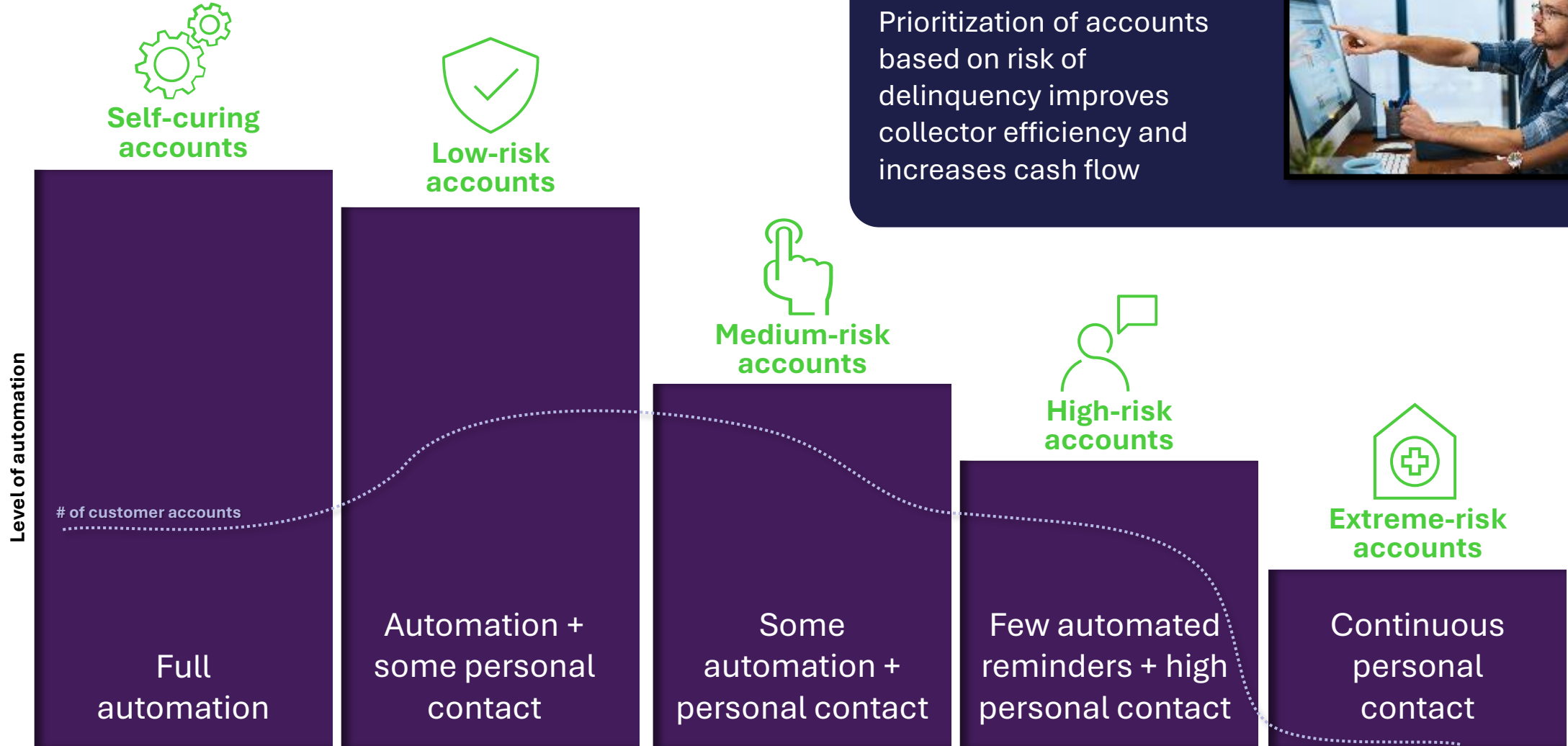
- **Owes \$60,000**; Greater than 10 days past-due
- Scores **low risk**
- Probability of BAD\* is 4%
- **Cash at risk: 4% x \$60,000 = \$2,400**

### Customer B

- **Owes \$50,000**; Less than 10 days past-due
- Scores **high risk**
- Probability of BAD\* is 40%
- **Cash at risk: 40% x \$50,000 = \$20,000**

\* BAD = Beyond Acceptable Delinquency (Customer defined, Ex. 10% > 90 days past due)

# Portfolio coverage



## COLLECTIONS

Prioritization of accounts based on risk of delinquency improves collector efficiency and increases cash flow



# AI driven future opportunities

1. **Payment Velocity Index (PVI)** Tracks average payment speed vs. industry norms
2. **Predictive Cash Flow Impact (PCFI)** Forecast expected inflows over 30/60/90 days
3. **Engagement Risk Score (ERS)** Measures responsiveness to outreach
4. **Invoice Dispute Probability (IDP)** Predicts likelihood of invoice disputes
5. **Collection Efficiency Ratio (CER)** Evaluates cash collected vs. CAR.
6. **Dynamic Risk Trajectory (DRT)** Monitors score trends over time.
7. **Behavioral Segmentation Index (BSI)** Clusters customers by payment and communication behavior.

Transforming risk management from reactive to proactive, allowing you to mitigate losses before they occur, optimize working capital, and strengthen financial resilience.





# Supply Chain Financing





# We know the challenges holding AR teams back

## **Increased push to drive Liquidity**

Limited levers to deliver with T&C agreed outside of the O2C workflow

## **Resource constraints**

Stretched AR teams with competing priorities

## **Accuracy on cash flow reporting**

Multiple ERPs and Financing instruments

# Payables financing

## Reverse factoring



**Initiated by the buyer** with a financial institution to pay the supplier early while the buyer pays the financial institution later

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**Buyer:** Extends payment terms without harming supplier relationship

**Benefits Supplier:** Gets paid faster, improving cash flow

**Finance Provider:** Earns a fee or interest on the early payment



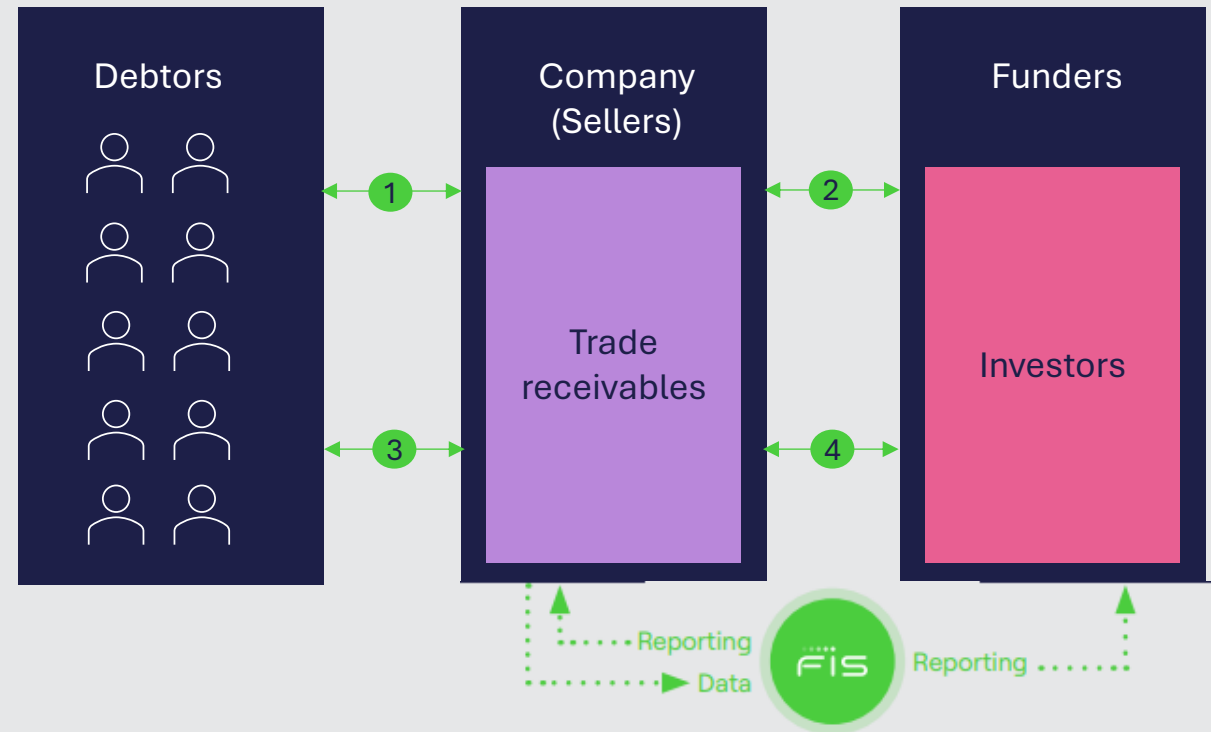
# What is Receivables Finance?

Unlock liquidity by selling your receivables to a funder before their due date.

Key features:

1. Off-balance sheet financing
2. Accelerates cash flow
3. Diversifies your financing base

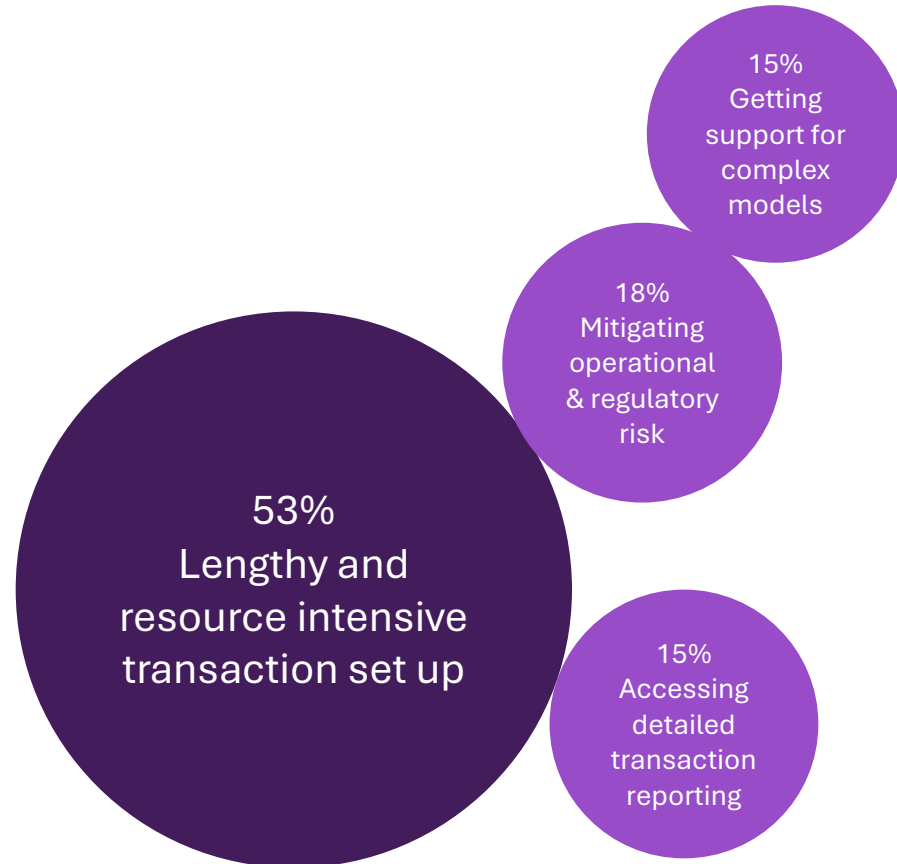
## How receivables financing works



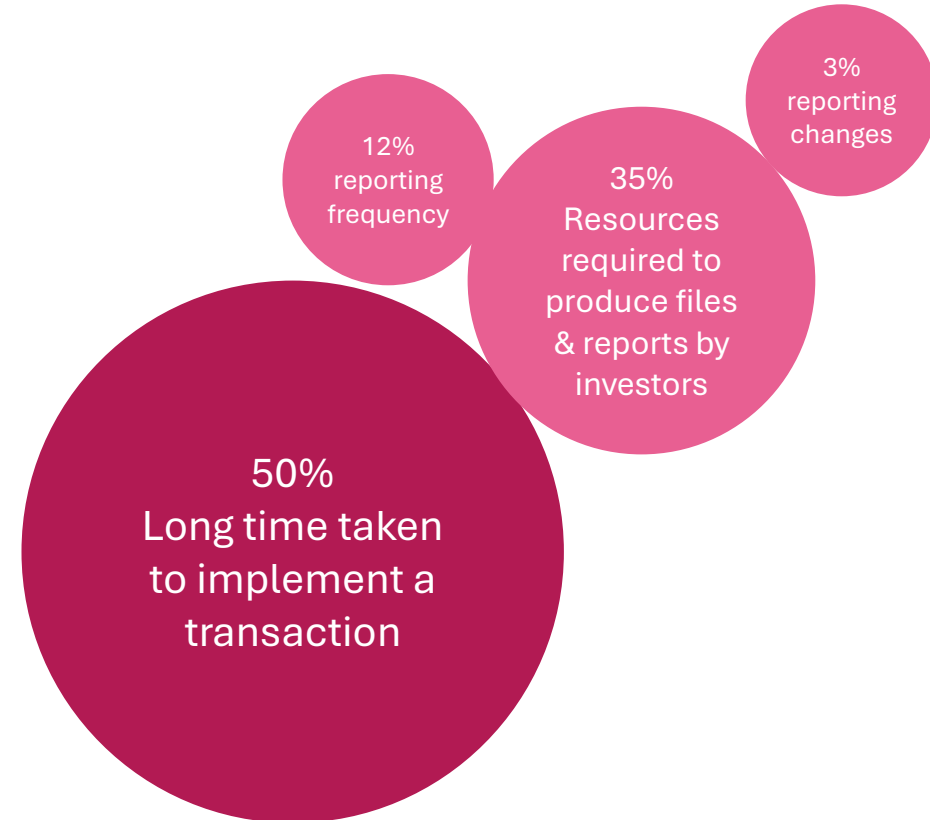
1. Sales of good & services/Issuance of invoice
2. Sell receivables and receive funding
3. Collect payments
4. Transfer payments collected

# Transactions suck up too much time and resource

## The biggest challenges for banks



## The biggest challenges for corporates



Source: FIS Benchmark Report 2024, published April 2024

# Additional value unlocked with SCF

01

**Low-cost accessible Capital:** *Access to a network of Investors with flexible structuring capabilities*

02

**Connected solutions:** *Track Invoices financed and collection progress against them through inter-connected solutions*

03

**Optimise collections:** *Create the operational discipline to optimize collections and risk processes accounting for financed invoices*

04

**Gain productivity:** *Reporting, Invoices financed, Receivables health, Collection on financed invoices readily available within inter-connected solutions*



# Optimise your working capital & unlock liquidity

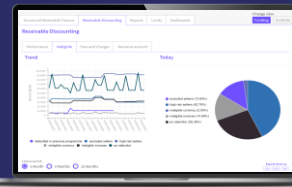


## Streamline Cashflow

Improve your collections and access better receivables financing terms and advance rates

### AI & Automation

Receivables automation to drive collections and automate cash application







### Supply Chain Finance

Tech-powered financing tool to monetize your receivables & access instant cash

## Prioritise Collection Efficiency

Put collection efficiency at the heart of commercial strategy

## How It Works (Step-by-Step)

-  Seller delivers goods/services to a buyer and issues an invoice.
-  Buyer approves the invoice (confirming it's valid and will be paid).
-  Financier (usually a bank or platform) pays the seller early – often within days.
-  Buyer pays the financier later, on the original due date (or extended terms).

## Key Benefits

### For Sellers:

- Immediate access to cash
- Reduced Days Sales Outstanding (DSO)
- Lower credit risk

### For Buyers:

- Extended payment terms
- Stronger supplier relationships
- Improved supply chain stability

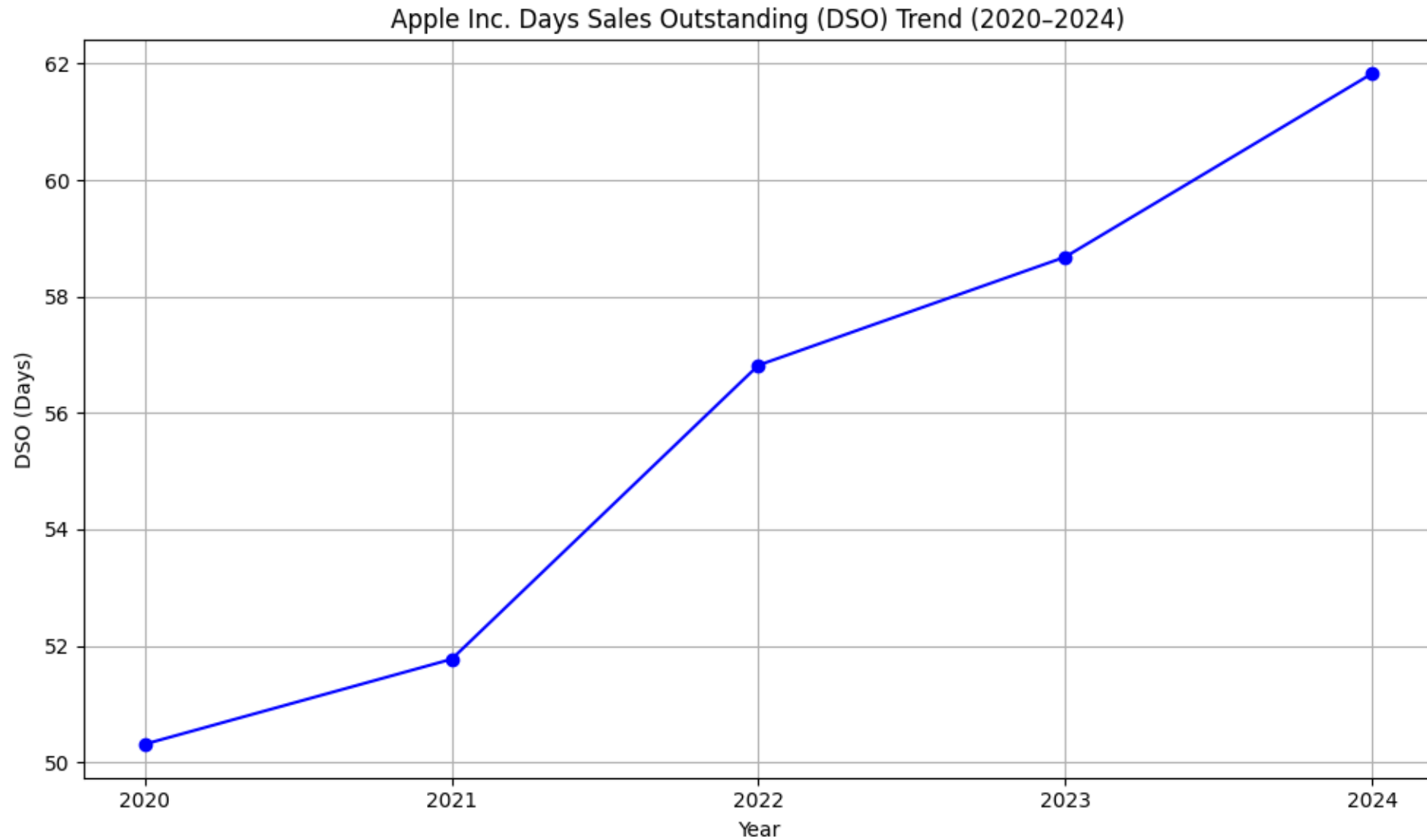
## Think of It Like This...

**It's like getting an advance on your paycheck** – but instead of a person, it's a business getting paid early for invoices, and the buyer pays the lender later.

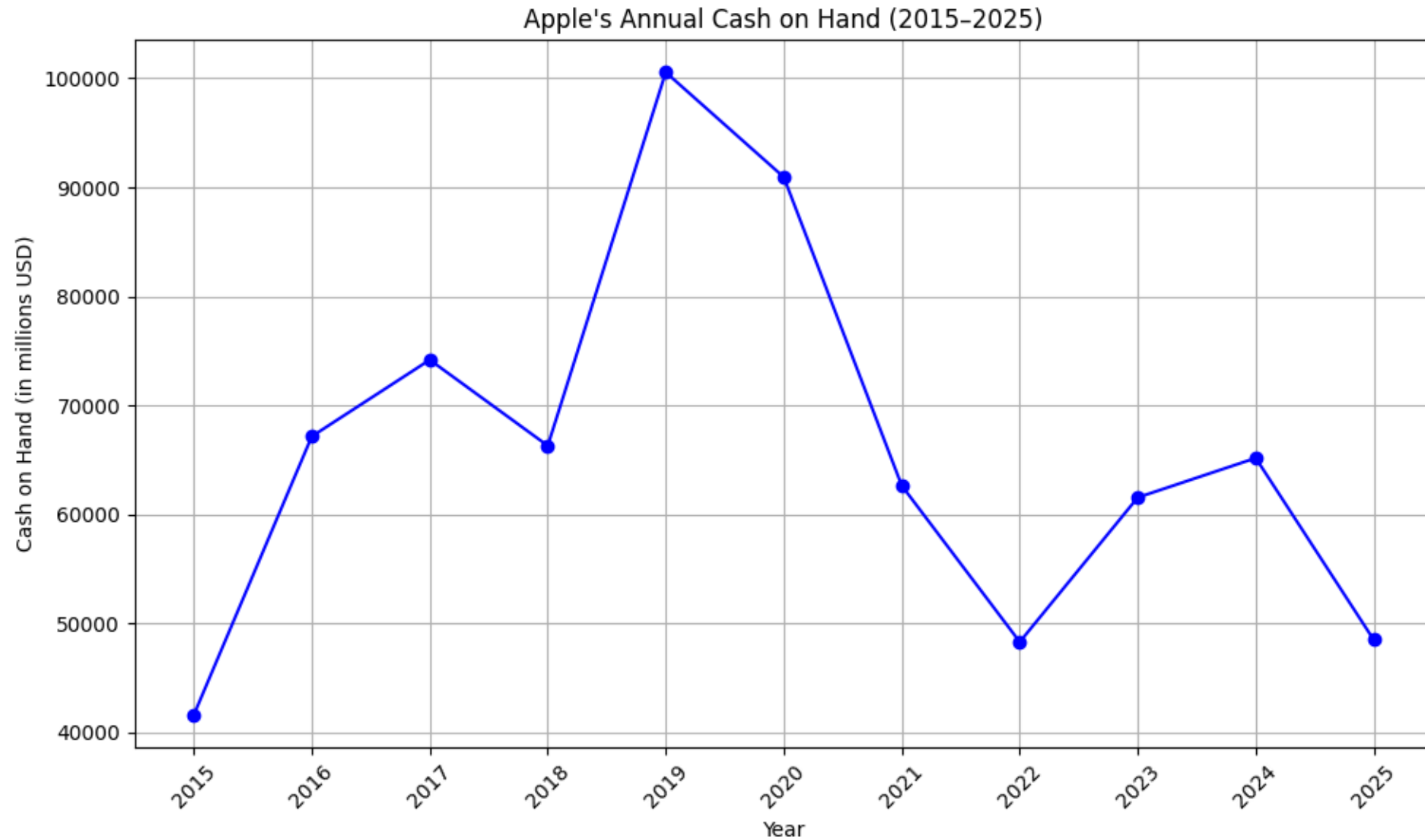
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# Apple Inc DSO trend



# Apple Inc cash on hand



# Does it make sense for Apple Inc to leverage SCF?

## Why Apple Might Use RSCF Despite High Cash Reserves



### Cash Optimization, Not Just Liquidity

Apple's cash is often invested in long-term securities or held overseas, where repatriation could trigger tax consequences.

RSCF allows Apple to optimize working capital without disrupting its investment strategy.



### Supplier Support

Apple has a vast global supply chain. RSCF helps improve supplier liquidity by allowing them to get paid faster (via third-party financing), while Apple can extend its own payment terms.

This strengthens supplier relationships and reduces risk of disruption.



### Cost Efficiency

Apple's credit rating is excellent, so financing costs through RSCF are low.

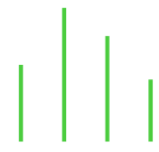
Suppliers, especially smaller ones, benefit from Apple's creditworthiness, often getting better rates than they could on their own.



### Strategic Flexibility

Even with cash on hand, Apple may prefer to preserve liquidity for strategic investments, R&D, or share buybacks.

RSCF is a tool to free up operational cash without tapping into reserves.



### Accounting and Financial Metrics

RSCF can improve cash flow from operations and return on invested capital (ROIC)—metrics closely watched by investors.

# The path forward

## Optimization

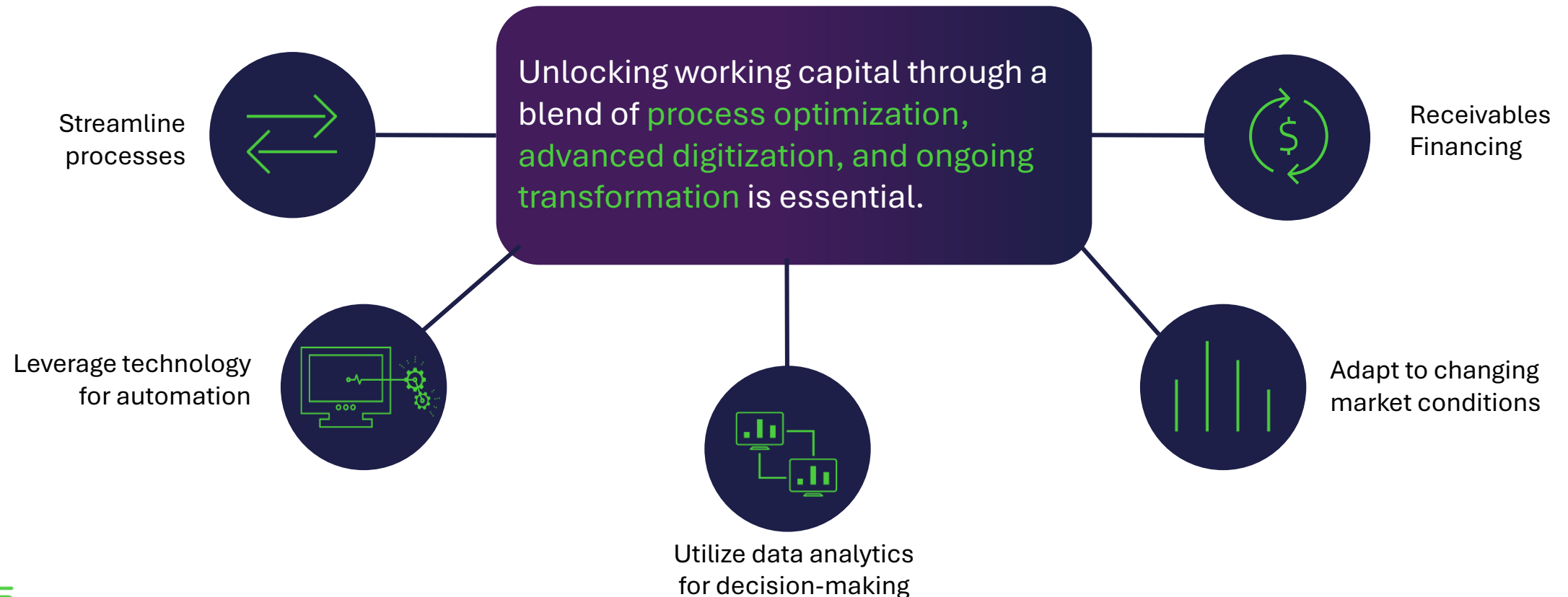
Streamline operations, reduce costs and harness a connected financial ecosystem. Achieve more with less.

## Digitization

Cloud, artificial intelligence and data analytics are key building blocks in the pursuit of automated finance.

## Transformation

Leveraging alternative funding sources to speed up cash cycles and improve working capital



**“This solution provides us with substantially more liquidity with less administration”**

Joel Campbell,  
Chief Financial Officer, TreviPay



**To recap** ←



- **Automation improves speed and accuracy**
- **AI adds intelligence and foresight**
- **Supply chain financing unlocks liquidity**

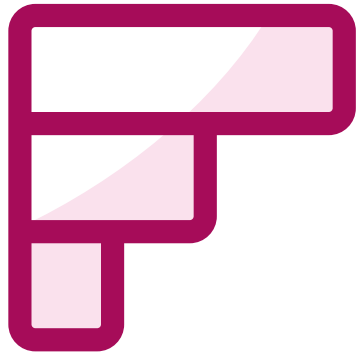


- **Evaluate your current receivables process**
- **Identify automation and AI opportunities**
  - **Explore financing partnerships**

→ **Next steps**

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**Which of the following talent gaps or skill deficiencies are most impacting your credit and A/R function today? (rate in order of importance)**