



Services

Improving Supply Chain Visibility Benefits Both Buyers and Suppliers

Trade Working Capital Viewpoints

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- In an increasingly challenging global trade environment, companies are grappling ever more complex supply chains
- Traditional and manual processes are often fragmented causing inefficiencies, financing delays, and limiting visibility
- Citi's digital open account solution seeks to meet these challenges through automating and harmonizing systems

In an increasingly interconnected and complex global economy, companies face growing challenges in managing their supply chains, particularly in areas rooted in legacy analog processes. These extend beyond traditional procurement issues, touching every aspect of the supply chain lifecycle, from sourcing materials to financing and logistics.

One key trend, witnessed during COVID-19 and recently highlighted by the evolving tariff landscape, is that large companies are increasingly reliant on their suppliers and aware of their vulnerability to supplier disruptions. As a result, there has been a significant increase in interest in strengthening supplier resiliency up and down their supply chains.

Supply chain finance (SCF) has long been a key tool for buyers to support suppliers. However, if the traditional SCF begins after invoice approval, which can be delayed and may require a comprehensive and bespoke manual invoice approval process, then payment options may take longer than desired by suppliers. This delay leaves suppliers without access to funds needed to fulfill purchase orders, often creating cash flow constraints. For buyers, lengthy processes can slow down operations and increase administrative workloads.

At the same time, many companies use multiple, unconnected systems to facilitate the procure-to-pay (P2P) and order-to-cash (O2C) processes, with purchase orders managed through one system, payment approvals through another, and shipping data through yet another. This fragmentation leads to inefficiencies, inaccuracies, and delays for international trade.

Both buyers and suppliers also struggle with limited visibility into the movement of goods. Tracking shipments, verifying documentation, and ensuring compliance requires significant manual effort. For many organizations, this process remains paper-based, further complicating efforts to achieve the real-time insights corporates are increasingly reliant on, especially as supply chains become more complex.

How Digital Open Account Works:

Digital open account focuses on the earlier stages of the procurement lifecycle, offering tools and data that enable smarter decision-making:

- **Purchase Order Integration:** The platform automates the creation and validation of digital purchase orders (POs), ensuring that suppliers have access to necessary funding earlier in the process.
- **Logistics and Shipment Visibility:** Through digitalized integration with shipping providers, digital open account tracks goods in transit, collecting real-time data on shipments to ensure timely delivery and accurate documentation.
- **Automated Matching and Validation:** A three-way or n-way digital match – between POs, invoices, and shipping documents – eliminates errors and reduces payment delays.



Better Integration is the Key

Given the host of challenges currently facing supply chains, these issues can often be exacerbated during periods of stress and strain. As outlined earlier fragmented, systems present a multitude of issues. Pulling these systems together via end-to-end integration, however, can enable both buyers and suppliers' greater visibility, efficiency and trust across partners.

An end-to-end fully digital open account solution, therefore, has the power to deliver benefits for all parties involved throughout the supply chain. Suppliers receive earlier financing, enhancing cash flow and operational efficiency. Buyers gain greater visibility, control, and accuracy across the entire procurement process. Such solutions also offer comprehensive data analytics, including audit trails, conversion rates of purchase orders to invoices, and shipment details. These insights enable better decision-making and risk management.

By utilizing solutions that incorporate digital purchase order validation, uses can accelerate the approval process. When additionally coupled with SCF programs, it is possible to garner visibility much earlier in the procurement lifecycle – well before invoices are even generated. Traditional SCF starts only after invoice approval, which can take 15–20 days. For some Buyers, this is a barrier to adopting SCF programs. What's more, their utilization could facilitate further opportunities such as purchase order financing.

Digitalization is a key feature of such platforms, with every step – from purchase orders to payments – integrated into a digital ecosystem. These systems can also connect to banks back-end systems, ensuring seamless payment flows. When used effectively, these tools allow suppliers to reduce payment cycles or obtain additional working capital solutions, ultimately bolstering their finances and enhancing their resiliency.

Key Benefits

For Buyers

- **Centralized Data Access:** A unified digital repository for purchase orders, invoices, and transportation documents within a structured data framework.
- **Automated Efficiency:** Streamlined workflows for document matching, invoice approvals, and discrepancy resolution, reducing cycle times.
- **Improved Cash Flow Oversight:** Enhanced order management and faster invoice approvals offer buyers better cash flow visibility and control.
- **Supplier Risk Mitigation:** By facilitating quicker access to financing for critical suppliers, buyers can secure necessary inventory and reduce supply chain risks, including when onboarding new suppliers in new countries and regions.

For Suppliers

- **Accelerated Financing Access:** Speeds up invoice approvals, giving suppliers earlier access to necessary funding.
- **Enhanced Transparency:** Clear visibility into the status of invoice approvals and payments.
- **Flexible Financing Options:** Access to diverse financing solutions, including purchase order financing, deep-tier financing, and dynamic discounting.



Solving the Next Challenge with Digital Open Account

Citi is a market leader in supply chain finance, with over 20 years of experience and a network of more than 100,000 suppliers around the world, many of which are small and medium-sized enterprises (SMEs). The opportunity to be party to the most complex supply chains around the world has yielded unique insights to the challenges buyers and suppliers face managing cash flow throughout the procure-to-pay and order-to-cash processes.

To meet today's challenges and demands, Citi is now able to offer a digital open account solution. The platform offers a digitalized document-checking service that validates invoices by cross-referencing purchase orders, transportation documents, and other trade-related documents. This service adapts to the unique needs of each company and its supply chain, ensuring a more efficient and accurate validation process by consolidating external supply chain functions into a unified platform. This includes creating invoices based on purchase orders, integrating with logistics providers to capture transportation documents, and centralizing operational data. Previously, companies had to manage these elements across multiple systems, creating inefficiencies and complexities. Citi's digital open account solution eliminates these hurdles by streamlining the process into a single, cohesive system.

The solution is designed to deliver the most value when integrated with Citi's SCF offerings and demonstrates our commitment to service our supplier ecosystem earlier in the payment lifecycle. Traditional SCF starts only after invoice approval, which can take 15–20 days. For some Buyers, this is a barrier to adopting supply chain finance programs.

Digitalization is a key feature of the platform, with every step – from purchase orders to payments – integrated into a digital ecosystem. The system also connects to Citi's back-end systems, ensuring seamless payment flows. While currently, Citi's digital open account solution is focused on open account servicing, its comprehensive data capture, however, opens doors for future innovations.

Recap

In an increasingly challenging global trade environment, companies are grappling complex supply chains, exacerbated by a reliance on concentrated suppliers and vulnerability to disruptions. Traditional and fragmented procure-to-pay/order-to-cash processes often lead to payment and funding delays, inefficiencies, and limited visibility.

Citi's digital open account solution seeks to meet these challenges by addressing these issues through automating manual processes and harmonizing systems. This streamlined, unified platform improves efficiency, accuracy, and visibility across the entire procurement process, from purchase order to invoice, logistics, SCF and more. Integrating this solution with Citi's SCF offerings allows suppliers earlier access to financing, bolstering their resilience.

The solution's comprehensive data analytics further enhances decision-making and risk management, offering benefits for both buyers and suppliers. While currently focused on open account servicing, and meeting today's needs, the platform's robust data capture capabilities pave the way for future innovations to help understand, and meet, tomorrow's challenges.



