



Treasury and Trade Solutions



Case Study

NSC Global

Innovative Early Payment Solution Removes Friction from Accounts Payable Processes, While Lowering Bank Charges

NSC Global specialises in customised, flexible, and scalable solutions designed to meet the technology needs of the biggest companies in the world. The company is headquartered in London and has operations in more than 180 countries across the globe. NSC is the trusted technology backbone behind some of the most successful organisations around the world.

NSC Global

Challenge

In order to deliver its first-class services, NSC relies on a broad-based supply chain. However, balancing the working capital needs of the business and ensuring the viability of its suppliers proved to be a significant Treasury challenge.

“One of my key performance indicators in managing the finance budget is our cash balances, our leverage ratios, our days sales outstanding, and our days payable outstanding,” explained Alexander Hooper, Deputy Group CFO of NSC Global. “One of the challenges NSC faced was an imbalance in the business. To seek to achieve our goal of optimising working capital, we created pressure on our supplier base which was potentially disruptive to our business. This problem had to be addressed.”

To help mitigate these supplier challenges, NSC looked to have vendors accept virtual cards for payments; however, many simply had no mechanism for accepting cards. Even those suppliers that did have the technical ability to process cards, did not want to accept card payments due to high costs and the operational overhead involved in handling card numbers. In addition, generating a new card for each payment proved to be time consuming and cumbersome for the Treasury team, at the same time creating delays in delivering funds to vendors. With only 5% of supplier spend on virtual cards, Treasury recognised the need to find a more efficient and more widely accepted solution.

Solution

The NSC Treasury team turned to long-time banking partner, Citi, to address this challenge. Citi recommended the bank’s new early payment offering, Citi® Optimized Pay.

Collaborating with a Fintech, the innovative solution developed by Citi, breaks down several barriers that have traditionally hindered the adoption of card-based supplier payment programmes. Key features of the solution include:

- NSC no longer needs to generate card numbers for every payment; significantly simplifying the AP process
- Suppliers do not have to handle card numbers at all. Funds are directly credited to their chosen bank account. No Point-Of-Sale (POS) equipment required
- Suppliers do not need to sign up to any documentation with Citi or the Fintech
- Fixed, transparent, and great-value pricing – suppliers no longer have to worry about complex pricing structures

Implementation of Citi Optimized Pay took only six weeks to complete. NSC didn’t have to change any of its standard P2P processes. Requisitions are still received by the Procurement team, who then issue the purchase order after negotiating pricing with the vendor. Once goods or services have been received, the accounting team processes the invoice within the company’s ERP system.

Payment is submitted to the payment facilitator. Following automatic approval notification, the payment is processed. The entire process was so simple that a one-hour training session was all that was needed to bring the AP team up to speed.

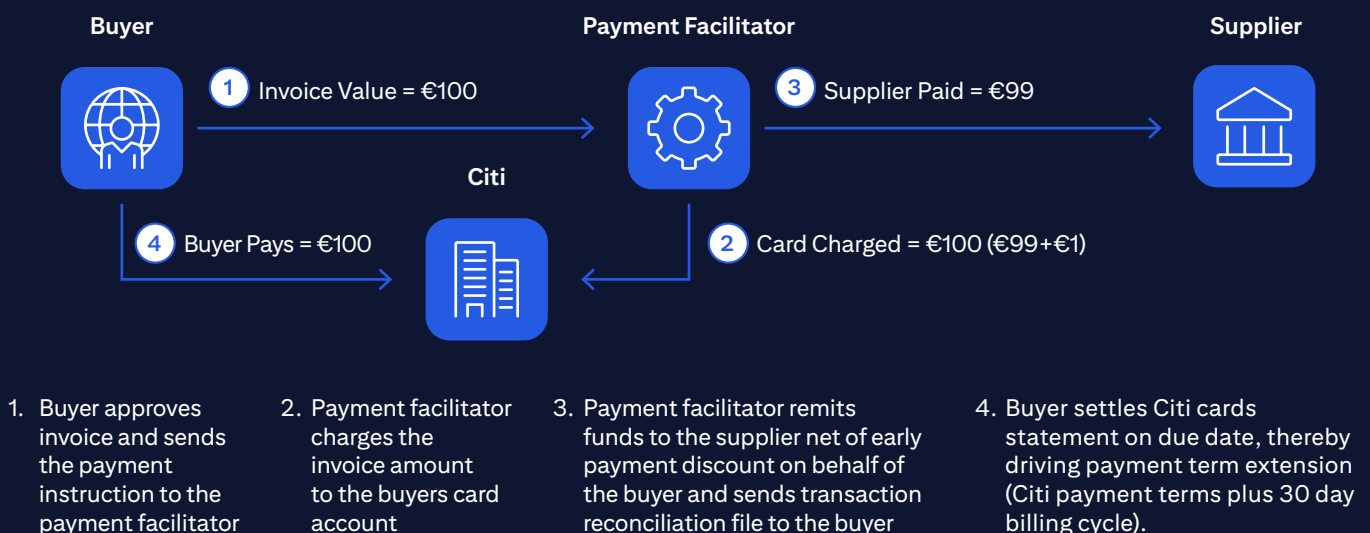
However, the key to success would be dependent on supplier acceptance. While this solution was significantly less expensive than what some vendors were paying for their credit card transactions, NSC recognised it still needed to enhance the value of the programme to increase the rate of adoption.

“We decided to wrap additional services into the solution to make it more attractive to our suppliers,” stated Hooper. “These enhanced fast-track AP services included invoices being picked up for processing the same-day as they are received, weekly notification of invoice processing status, and regular reconciliation of supplier statements with invoices processed. Plus, we sped up the payment approval process. All of this proved sufficient to convince suppliers to come on board.”

“Vendors have told us how *seamless* the transition to this new method of payment has been for them, and how *quickly* they are paid. The transformation within our business is *miraculous*.”

Alexander Hooper
Deputy Group CFO, NSC Global

How the Solution Works



Improved working capital by 20%

Result

Citi Optimized Pay has been a game-changer for NSC. This innovative programme has removed friction from AP processes, while lowering bank charges by reducing payments down to a single transaction instead of many. This has created an important revenue generating opportunity for the business. The fee associated with the solution is charged back to the supplier, on top of an additional fee for enhanced services, in the form of an early payment discount. Now, vendors are paid more quickly, while NSC is able to repay the card in 45 days, dramatically improving working capital management.

As a result of the Citi solution, AP has been transformed from a cost centre to a revenue generating department.

Not only do payments made via Citi Optimized Pay not cost anything to NSC (saving bank charges on a large number of payments), the company has been able to wrap additional value-added services on top of the core solution and charge suppliers for them, thereby, creating a revenue stream. According to Hooper, this change has been 'transformational'.

Due to the overwhelming success of Citi Optimized Pay, NSC is looking to expand the programme across the business with the goal of doubling the number of vendors currently onboarded.

Key benefits



Suppliers are now paid more promptly on a guaranteed date, improving NSC's relationships with their suppliers.



Despite suppliers being paid early, NSC improved their working capital by 20% based on the terms provided by Citi.



Elimination of bank charges, as payments made via Citi Optimized Pay come at zero cost to NSC.



Operational efficiency through a significantly simplified AP process reduces the operational overhead required in managing a virtual card payment process.