



Client case study

Unlocking free cash flow and enhancing supplier relationships through Citi's commercial card



About Visy

Visy is a global leader in packaging and resource recovery. Since the firm was established more than 70 years ago, it has expanded across more than 140 sites in Australasia, with trading offices in Asia and Europe and over 7,000 employees.

Client objectives

- Working Capital Optimization
- Payment Optimization / Centralisation

Product used



Virtual Cards

Business challenge

In 2018, Visy undertook a working capital review, with a view to digitizing payments, implementing greater controls and unlocking free cash flow. Although it already had reasonably high days payable outstanding (DPO), the team recognized that there could be further improvement. At the same time, it was important to maintain good supplier relationships.

“

We have an excellent relationship with Citi. The bank is very flexible and responsive, such as enabling us to increase our credit limit quickly and easily, which has been very helpful as we expand the use of cards for supplier payments.”

Richard Xuereb
GM, Finance APAR
Visy

Why Visy chose Citi

Visy had typically chosen to work with Australian banking partners, but the company's GM, Finance APAR, Richard Xuereb, recognized that Citi brought specific global expertise and solutions that would help boost its working capital efficiency. In particular, the company was attracted to Citi's virtual card program, which offered the benefit of faster payments for suppliers together with working capital benefits for Visy.

Visy therefore appointed Citi as its key card program provider, making Citi one of the first international banks with which the company had built a relationship. When

the program was first established in late 2018, around 50 suppliers signed up, but this quickly ramped up over the following 18 months to around 3,000 suppliers due to both Visy's unique approach and Citi's flexibility to accommodate Visy's rollout methodology.

Today, Visy operates one of Asia's largest card programs. The company is leading the way in payments digitization in Australia, using cards not only for supplier payments but also for tax payments. Not only has Visy substantially increased its DPO and unlocked free cash flow, but its cost of funding is also far lower as a result.





Results

Visy has structured its Citi card program to meet its specific working capital needs with six billing cycles each month, therefore offering high predictability of payments and significant working capital advantage, together with good supplier relationships through prompt payment.

As a result of implementing the card program, Visy has unlocked free cash flow and expects to increase its cards spend in the future, both by value and the number of spend categories.

In addition, the cards program’s implementation and operations has enabled Citi and Visy to build a strong and trusted relationship. The two parties are now exploring further opportunities to work together, such as implementing a supplier portal and finding ways to optimize straight-through processing. This will be “a game changer,” Richard explains, as suppliers can be built into the cards program even if they do not have a cards acceptance capability.

Citi’s Card Program: The Benefits for Visy

-  Ease of onboarding across 6,000 suppliers
-  Simple process for all parties
-  Suitable for high- and low-value purchases
-  Suppliers benefit from reduced Days Sales Outstanding (DSO) with earlier payment

-  Multiple statement cycles enable Visy to meet different supplier requirements and maximize DPO
-  Embedded into Visy’s payment culture and supplier relationships
-  Lower cost of funding
-  Positive expression of Visy’s support for suppliers

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