




Efficiency, cash flow, timeliness.  
And **\$100 million** in savings.



S&P 500 Company implements American Express BIP  
as a part of a successful supply chain transformation.

*Published Nov. 23, 2015*



How do you keep your supply chain in check when you have **A THOUSAND** facilities and **BILLIONS** in revenue?

## THE CLIENT AT A GLANCE.

An international, Fortune 1000 company headquartered in Boston and traded on the NYSE, the client serves organizations of all sizes in virtually every industry.

- **\$3.2 billion** in revenue
- **17,000+** employees
- **1,000** facilities
- **156,000** clients in 35 countries

IS SAVING **\$66 MILLION** IN  
THREE YEARS ASKING TOO MUCH?

## THE AGGRESSIVE, ACHIEVABLE GOAL.

Facing operational and financial pressures, corporate executives decided in 2012 to invest in the company's supply chain management practices, hiring Linda Behan as Senior VP of Global Procurement to develop a global procurement organization. Behan, a seasoned sourcing and procurement executive, had led procurement-change activities in the financial, document management and technology industries and had managed billions of dollars in annual spend. Her goal? Transform the company's supply chain management process to the tune of \$66 million over three years.

## SLOWING DOWN TO IMPROVE DAYS CASH ON HAND.

### PAYING VENDORS TOO QUICKLY LEFT THE COMPANY WITH LITTLE FOR THEMSELVES.

When Behan joined the team, she was faced with an expensive, labor-intensive payment process that hampered cash flow and the business's overall financial strength.

- 12,000 vendors were tagged for “immediate payment”
- 100% of spend was processed by check
- 80% of vendors had less than 30-day terms

*“Our inflows were exceeding 100 days, and since we were paying so quickly, we had a significant opportunity to narrow the gap through BIP and extend our Days Payable Outstanding (DPO)\* while maintaining Days Sales Outstanding (DSO)\*\* with our vendors.”*

~Linda Behan

### WHAT CAN WE LEARN HERE?

The problem was nothing new to Behan, and neither was the answer. She had successfully led a number of such transformations before, including a global rollout of the American Express Buyer Initiated Payment (BIP) program at her previous employer. And once again, she put her trust in American Express.

To Behan, spend analysis was critical, but even more crucial was the partnership with the American Express team and the best practices they brought to the table. In the end, the analysis all pointed to BIP.

\* The number of days by which your DPO is extended will depend on when during your American Express Card billing cycle you charge a transaction to a supplier. The date the transaction is posted to your account, and the date you pay the amounts due on your American Express billing statement will determine the number of days you extend which may be less than 14 days.

\*\*Reduction in DSO will depend on individual provider payment behavior. DSO may increase in certain instances.

## THE AHA MOMENT.

*“American Express leads the market in credibility. If there's a best practice, they know it. Give them the chance to run analytics on your payments. You're going to get a lot of 'aha' moments, and even if you don't go with their recommendations, you're going to learn something.”*

~Linda Behan



# The American Express BIP **solution.**

*“Our implementation team was responsible for assessing vendor opportunities and managing the sales and outreach effort. They were incredibly professional, knowledgeable and really good at patiently walking the business through the rollout.”*

*~Linda Behan*

With Behan’s knowledge of the American Express BIP solution, she saw an immediate opportunity to intelligently address payment terms, efficiency and cash flow that could help spark growth opportunities across the enterprise. Working in close collaboration with the American Express team, she felt BIP would:

- Help reduce manual processes by reducing checks
- Provide an opportunity to improve working capital management by extending DPO by up to 14 days\*
- Leverage the American Express billing cycle to help improve Days Cash on Hand (DCOH)

## HERE’S WHY IT WORKED.

**A push to 60 days pulled vendors in.** Behan helped launch the program by pushing payment terms for all vendors to 60 days, then offering BIP as an option for earlier payment. Getting paid sooner was a benefit her vendors were interested in, and they responded very positively to the program.

**A proactive team approach.** The American Express team worked closely with representatives from across the company—from IT and opportunities assessment, to vendor engagement and client management—bringing all their learning from previous implementations.

**Critical communication.** Throughout the process, the company maintained clear lines of communication with all affected parties, starting with letters from the CFO. Vendors were told why the BIP process was being implemented and how it would work. The same message was also delivered to the internal team to ensure alignment.

*“We haven’t received a single complaint from vendors.  
It’s been a great experience.”*

*~Linda Behan*

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## THE **POSITIVE RESULTS** OF OUR RELATIONSHIP.

BIP is now an easier payment option inside the company's ERP system. It's a single click with all internal controls staying the same as other payment methods, yet it opens a secure, connected and intuitive automated platform. Even more importantly, in this situation, the numbers speak for themselves:

- Net cost to the business decreased by 25%
- DPO improved by 20 days
- Cash outlay extended to 45 days (up from 15)

The company's supply chain transformation was a success, making less work of the payment process and increasing the capacity to focus on what matters most. With Behan's leadership and initiatives—including implementing BIP—the company shot past its original goal and saw a \$100 million return in year one.

*"When choosing your partners, it's important to understand the marketplace. American Express has an outstanding reputation as a business—for their professionalism and their ability to maintain controls. That's very comforting for a business. They did a great job."*

*~Linda Behan*



**\$100 MILLION IS BETTER  
THAN \$66 MILLION.**



## GLOBAL CORPORATE PAYMENTS

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