

SUPPLIER CASE STUDY #1

Helping a B2B workwear supplier unlock the full value of commercial card acceptance

Visa commercial cards helped the supplier accelerate payments and drive down payment costs

Background

A US-based B2B workwear supplier, which generates ~\$8B in revenue annually, had previously avoided card acceptance because of concerns about the relative cost of accepting card payments. The supplier's DSO was 45 days (for a net 30 term) which was costing the business 212bps for check payments and 192bps for ACH payments.

Opportunity

Visa conducted several meetings with the supplier's Treasurer and discovered that they were looking to launch a new customer portal to facilitate a better invoice settlement process for their buyers. Visa advised that this would be a perfect time to look at the economics of card acceptance. In partnership with the supplier, Visa helped develop an effective credit card acceptance policy that would show value and assist with their portal.

Solution

With the new portal the supplier was able to set card acceptance at net 30 days, which allowed them to accelerate their time to cash receipt by 15 days. By resetting their payment terms and using card acceptance to ensure timely payment, the supplier had the potential to realize a 142bps gain in total from card acceptance. The 142bps would be made up of 35bps of cash acceleration, 35bps of inflation mitigation, 25bps of operational efficiencies and 47bps of tax deductions for the expense of credit. As a result, the supplier's net effective cost for card acceptance was 82bps — far below their current check and ACH costs.

Results

82BPS
supplier's net
effective cost for
card acceptance

After implementing this card acceptance strategy, the **B2B workwear supplier's card volume increased by 59.63%**. Expanding their acceptance offerings and increasing Accounts Receivables efficiency also helped empower the supplier to unlock additional commercial growth opportunities.

↑
59.63%
supplier's card
volume increase

Helping a B2B manufacturer capture the full value of commercial card acceptance

Visa commercial cards helped the manufacturer drive operational efficiencies that significantly reduced card payment costs

Background

A \$25B B2B manufacturer had previously avoided card acceptance due to the cost of interchange. The supplier's existing DSO was 83 days (for a net 45 term), which was costing them 296bps for check payments and 316bps for ACH payments.

Opportunity

Visa worked with this supplier to demonstrate the value of card acceptance and the benefits an effective policy could deliver for their business. After Visa explained the value of card acceptance, the B2B manufacturer pivoted from discussing initiatives to discourage credit to operating with an effective credit acceptance policy.

Solution

With an effective credit acceptance policy set at net 30 days, the supplier had the potential to realize a 288bps gain. The 288bps would be made up of 85bps of cash acceleration, 112bps of inflation mitigation, 25bps of operational efficiencies and 36bps of tax deductions for the expense of credit and 30bps of Level III Data benefit. As a result, the supplier's net effective cost for card acceptance would be 12bps.

Results

12BPS
supplier's net effective cost for card acceptance

After implementing this card acceptance program the **supplier's card volume increased by 32.64%**. Expanding their acceptance offerings and increasing Accounts Receivables efficiency also helped the supplier to unlock additional commercial growth opportunities.



32.64%
supplier's card volume increase

Are you ready to unlock your commercial growth?

Visa B2B Acceptance is driving change in the commercial payments ecosystem with a unique, holistic approach that helps make commercial cards one of the best ways to pay and be paid.

Contact us today to learn how Visa B2B Acceptance can help you capture the value of commercial card payments. B2BAcceptance@visa.com.

These materials and best practice recommendations are provided for informational purposes only and should not be relied upon for marketing, legal, regulatory or other advice. Recommended marketing materials should be independently evaluated in light of your specific business needs and any applicable laws and regulations. Visa is not responsible for your use of the marketing materials, best practice recommendations, or other information, including errors of any kind, contained in this document.

Case studies, comparisons, statistics, research and recommendations are provided "AS IS" and intended for informational purposes only and should not be relied upon for operational, marketing, legal, technical, tax, financial or other advice. Visa Inc. neither makes any warranty or representation as to the completeness or accuracy of the information within this document, nor assumes any liability or responsibility that may result from reliance on such information. The information contained herein is not intended as investment or legal advice, and readers are encouraged to seek the advice of a competent professional where such advice is required.