Service Overview

Today’s supply chain is complex, international, and increasingly involving emerging economies. As multinationals continue expanding globally, their supply chains must overcome challenges to make sure that products and services reach their end consumers. Supply chain finance (SCF) refers to the set of financial solutions available to buyers for financing specific goods and products as they move from origin to destination along the supply chain. Buyers, suppliers, and financial institutions, all stand to benefit from SCF programs that can improve financing terms that they would otherwise not have access to.

Trends in international trade

Growth in emerging economies outstripping more advanced nations

Changes in the share of international trade

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<td>Developed economies</td>
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<td>Emerging</td>
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<tr>
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<th>2007 - 12</th>
<th>2012 - 17</th>
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<tbody>
<tr>
<td>International trade</td>
<td>%</td>
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<tr>
<td>Developed economies</td>
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<td>66%</td>
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<tr>
<td>Emerging</td>
<td>31%</td>
<td>34%</td>
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<td>CAGR (units: %)</td>
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<td>Developed economies</td>
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<td>Emerging</td>
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Source: IMF Direction of Trade statistics, PwC Research and Analysis

PwC’s Corporate Treasury Solution provides a combination of experience and process-driven methodology to help organizations understand and implement supply chain finance. We have the capabilities to assist companies throughout the processes of evaluating, obtaining buy-in, selecting technology partners and financiers, structuring the program, and designing policies, processes, and procedures to manage the risk.
Client Issues

From a practical standpoint the number of managers who understand both the supply chain along with finance is limited. Moreover, we find that the uncertainty caused by various and differing interpretations of supply chain finance has been identified as a major deterrent to multinationals’ engagement in such programs.

Adding value through structured design
Lack of knowledge and common misconceptions can be overcome with a structured SCF solution

The implementation of a successful SCF program requires a framework that incorporates global governance, strategy, process, and infrastructure. Development of new infrastructure by financial institutions and the onboarding of large corporates and SMEs will be required to build out this new delivery model for trade and treasury services.
Our Approach

To develop a SCF strategy, we plan to consider target customers, product and service offerings, and channels, before exploring optimization of operating model for the purposes of the SCF program.

- Nationality (Japanese vs. non-Japanese)
- Company size (large companies vs. small and medium-sized enterprises vs. micro-enterprises)
- AML / CFT (KYC check etc.)
- Risk capital requirements (capital risk evaluation method, etc.)
- Credit risk management (credit scoring models, etc.)
- Customer IT service design
- Back office IT infrastructure (other efficiencies of Global Operations)

Target distribution (region), Sector

- Commercial distribution (Asia, Europe, North America, etc.)
- Sector (precision equipment, medical, automotive, etc.)

Target customers

- Products/accounts receivable secured loans, stock collateral loans, Equipment Finance, etc.
- Service (target locations, 24 hrs, etc.)

Products & services

- Capability building and training
- ERP system design
- SCF architecture design

Operating model

- Operating system design (cooperation other with other sites)
- Organizational structure (set-up and consolidation of departments, etc.)
- Recruitment (including external human resources)

IT platform

Our offering

PwC is uniquely positioned as an independent advisor and offers a global network to assist organizations with supply chain finance, from strategy to execution:

- Financial impact analysis (cost, profit)
- SCF process design
- SCF architecture design
- Global SCF Governance design
- ERP system design
- Capability building and training
Impacts

Example: Procurement & Banking Structure Transformations for the global manufacturer

PwC has provided comprehensive services in assisting the transformation of the procurement and banking structure for a large global manufacturer. We supported the client not only in deciding the future state of their procurement and banking structure, but also in the implementation of new operations processes. IT infrastructure transformation and the build-out of a shared service center were also key deliverables of this project. Naturally, benefits were seen both in the client’s cash flow and ultimately bottom line.

The direct financial impact of successful supply chain programs can be easily quantified with available IT tools such as ERP. The indirect benefits from customer satisfaction and increased efficiency further provide positive impact on the bottom line.
**Why PwC?**

Based on our extensive knowledge and track record of work involving technology & operations, finance & risk, and supply chain management we have the capabilities to support your operation.

- Transaction banking operations
- ERP introduction support (especially SAP, Oracle introduced)
- FinTech implementation
- Big Data Analysis specialists

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