4 reasons for having Supply Chain Finance programs over one provider

At present, there is a vast offering of Supply Chain Finance (SCF) related products available in the market from numerous providers, including commercial banks, non-bank financiers and more recently also from fintech companies. Each one has its own way of structuring solutions, financing them and managing them during their usually long existence.

Companies with working capital financing needs or with requirements to finance their customers in order to maintain sales momentum, tend to use various providers, usually its house bank and one or two additional ones depending on the size. This means having to deal with different environments to manage working capital financing – i.e. interfacing and sharing data with various funders' systems, as well as executing multiple agreements and undergoing numerous credit approval processes. Whilst dealing with various providers allows companies to diversify SCF sources, it is neither efficient nor ideal from a practical and strategic standpoint.

In contrast, having a **centralized** approach towards SCF programs has important benefits, particularly if it is driven by a specialized provider that can aggregate funding sources from a pool of investors and credit coverage from multiple insurers.

Market evidence shows that there are 4 key benefits of centralizing all SCF programs over one provider:

- Have a scalable and flexible solution that adjusts to specific and changing needs
- Obtain better terms and conditions by increasing bargaining power through larger size transactions
- Reduce administration and legal work
- Enhance efficiency

The secret to achieve success and maximize these benefits is the underlying **servicing** of the programs. Ideally, this should be done with an advanced-technology processing platform that manages complexity, automates processes and ensures full transparency to all stakeholders.

In conclusion, companies that choose to concentrate in one provider all working capital financing needs – both in terms of Accounts Receivable and Accounts Payable – are the ones that benefit the most. The funding diversity is achieved via the multi-investor concept, plus there is the additional operational and administrative advantages further boosted by the use of technology.

Alternative Distribution Financing Ltd. (ADF) working together with the leading servicer Global Supply Chain Finance Ltd. (GSCF) is fully geared to become the sole and comprehensive provider of all SCF-related solutions for companies.