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## Carrefour Indonesia's Supply Chain Initiative Delivers Working Capital Efficiency



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Deutsche Bank and PT Carrefour Indonesia ("Carrefour Indonesia") have recently launched a supply chain finance programme with the objective of strengthening Carrefour Indonesia's relations with its strategic suppliers and improving working capital efficiency along its supply chain.

A regional subsidiary of Carrefour, the world's second largest retail group, Carrefour Indonesia is Indonesia's largest retailer, employing 13,000 people in 81 branches across 27 cities. Its extensive and diverse product range encompasses everything from fresh fruit and children's clothes to high-end electronics. These are sourced from over 4,000 suppliers, including an extensive network of local small and medium-sized enterprises (SMEs), which is in line with the Carrefour Group's principle of actively promoting local economic development wherever it has a presence, with some 90-95% of the products on its shelves sourced locally, depending on the country.\*

Carrefour Indonesia is the first within Carrefour's global network in Asia to implement a supply chain finance programme using its own web-based application, Financial Web Supplier (FWS). This initiative benefits Carrefour's suppliers by improving the visibility of their cash flow and receivables and providing on-demand access to attractive working capital financing.

FWS enables suppliers to track invoice payments online and receive payment early. Deutsche Bank's financial supply chain platform connects seamlessly to the FWS

platform to deliver both financing and payment services. The fully automated online trade payables financing tool combines trade and cash management capabilities, and enables clients to better manage electronic payments to suppliers in an innovative and secure business-to-business electronic environment.

## **A Reliable Tool for Retail Sector**

Supply chain finance programmes have become popular as an attractive and reliable working capital management tool for both buyers and suppliers in recent years. Suppliers can view approved invoices, monitor their cash flow and obtain access to immediate financing of invoices. Supplier finance programmes are particularly relevant to the retail sector with its short payment terms and high turnover of goods and services.

Indonesia, with a population of 240 million, is experiencing a boom in the retail segment, especially with a strong outlook for the local currency and positive consumer sentiment. In the challenging credit environment of the recent financial downturn, supply chain financing programmes had become even more relevant as many smaller companies found it extremely difficult to obtain bank financing at affordable rates to fund their daily operations. The consequences could include the disruption of the supply chain with the supply of goods being compromised by delay, interruptions or non-delivery.

While the global economy is certainly experiencing recovery, operating conditions remain tough for companies seeking to return to a normalized production cycle. The threat of a prolonged period of tight liquidity in key markets presents a myriad of problems for corporations and suppliers looking to pursue new opportunities for growth. Supply chain finance programmes are an increasingly attractive and reliable means of overcoming these difficulties and freeing up working capital.

## **A Win-Win Scenario for Carrefour, Suppliers**

The supply chain financing initiative offers a unique win-win scenario for both Carrefour and its suppliers, improving the suppliers' access to attractive working capital. To accomplish this, it needed a bank that could connect seamlessly with its own FWS platform, as well as be able to offer flexible financing options to its suppliers across the Indonesian archipelago. With its market-leading technological capabilities, Deutsche Bank was able to tailor and implement a financial supply chain solution that met Carrefour Indonesia's requirements.

"With this supplier chain finance initiative, our suppliers will be able to accelerate their cash flow by accessing our FWS platform," says Filipe Da Silva, Finance

Director of PT Carrefour Indonesia. "The supplier finance solution allows us to strengthen our relationships with our suppliers."

## Improve Efficiency, Reduce Complexity

Achieving working capital efficiency has become a key area of focus for corporates, especially in Indonesia where the macro-economic outlook is very positive and consumer sentiment is strong. In a rising economy, companies need working capital to fuel their growth and expansion. Deutsche Bank's ability to deliver against these complex requirements demonstrates its commitment to support the growth of key clients and their trading partners.

Deutsche Bank offers a fully integrated suite of services that improve efficiency and reduce complexity across the entire supply chain. Its innovative products and services provide end-to-end solutions to its clients' supply chain financing needs. Ultimately, such services help to streamline processes, enable greater cash-flow visibility, reduce risk and heighten corporate treasury control.

\*Source: <http://www.carrefour.com/cdc/group/our-group>