

J.P.Morgan

HCL Technologies Limited (HCL) maximized working capital with innovative global payments platform



2022 Adam Smith Awards Asia

*Highly Commended Winner
Best Supply Chain Solution*



HCL utilized a global Early Payment Program (EPP) to accelerate supplier payments and optimize working capital.

About

HCL Technologies Limited (HCL) is a global IT services and consulting company with a vast supply chain that comprises over 6,600 suppliers across more than 10 markets. The company's products, services, and engineering prowess are built on the back of four decades of innovation, with a world-renowned management philosophy, a strong culture of invention and risk-taking, and a relentless focus on customer relationships.¹

The challenge

In 2021, HCL conducted a [benchmarking analysis](#) to assess its working capital metrics and sought an innovative and out-of-the-box solution to generate greater efficiencies.

To improve its [working capital](#), HCL desired a global supply chain program that would enable it to support its supplier ecosystem, while allowing them the harmonization of payment terms across its expansive supplier base, ensuring a healthy vendor ecosystem that allows its suppliers to access alternate, and in many cases, cheaper sources of financing.

The solution

HCL opted to go with a global [Early Payment Program \(EPP\)](#) – a solution provided by J.P. Morgan that leverages the bank's strategic alliance with fintech, Taulia – to accelerate supplier payments and optimize working capital via a single, agile global payments platform.

With the solution, HCL suppliers who join the EPP can opt to be paid earlier than the contracted payment term, as suppliers can elect to receive early payments on outstanding invoices for a discount. Suppliers can also experience better rates as they can take advantage of HCL's outstanding credit quality to secure funding from J.P. Morgan.

For the company's 400-largest suppliers by annual spend, the EPP will standardize payment terms based on three key supplier categories - business services, contingent labor and IT services - while payment terms for the remaining 6,200 suppliers will be standardized based on the key vendor locations of U.S. and India, and others.

Leveraging the power of Taulia's platform, HCL has been able to automate supplier segmentation, which allows for targeted outreach that facilitates rapid supplier onboarding in a fully digitized manner, ultimately helping to support suppliers across HCL's vendor ecosystem, regardless of their size.

Taulia's industry-leading technology also provides the seamless integration and exchange of data between the Taulia platform and HCL's enterprise resource planning (ERP) system, and together with feature-rich analytics tools on both the buyer and supplier user interfaces, enables invoicing activities to be fully transparent and managed automatically, in real time.

The results

Leveraging J.P. Morgan and Taulia's strong supplier connectivity and use of big data analytics to simulate supply chain scenarios, the EPP is expected to help HCL unlock millions of dollars in working capital annually. The power of the EPP solution also lies in the ability for HCL to switch from a supply chain financing-based program (bank-funded) to a dynamic discounting approach (corporate-funded), should HCL opt to fund its vendor ecosystem using its own surplus cash. Whilst doing so, they are ensuring their suppliers have access to the capital they need through a unique EPP, to continue maintaining a healthy vendor ecosystem for its 6,600 global suppliers.

Delivered through an [alliance between J.P. Morgan and Taulia](#), the solution meets HCL's objectives for deploying a supply chain finance program, including a tailored approach for payment term standardization across suppliers, the use of automation to streamline and speed up supplier enrolment, outreach and onboarding, as well as a best-in-class platform that seamlessly integrates invoicing and vendor data into HCL's own technology systems and business processes.

The EPP will enable HCL to significantly [unlocking working capital](#) trapped in its supply chains, while also providing them with the flexibility to switch from a bank-funded model to a company-funded approach, if needed.

¹ <https://hcl.com/>

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