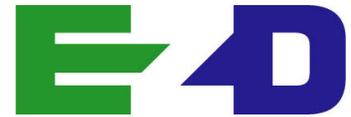


Using SCF to Reduce End-to-End Supply Chain Cost;
[Aberdeen Group Supply Chain Finance Benchmark Report](#)



A fast-fashion retailer with 90 stores in the U.K. and Ireland, has been using an SCF solution from EZD Global to create cost advantages for both it and its suppliers. “We were looking to maximize our margins but we also wanted to cultivate better trading partner relationships,” explains the company’s finance director. “In the fast fashion market, we often have to request quick turnaround from our Asian vendors, so we need them to view us as a valued customer.”

According to the retailer, its suppliers used to go to their local banks and get an advance on the money off of the Letters of Credit. This would get them their cash faster, but they could lose as much as 20% of the value of the purchase order by doing this.

“We now invite our clothing vendors to use an SCF service from EZD Global where they can get paid 70% when the container leaves their shipping dock and 30% at some later point, such as receipt at the U.K. warehouse,” says the finance director.

“Using EZD Global, the suppliers gain back 5-15% of the purchase order value they were losing. We share in the savings by getting 5-10% more off of our unit costs. However, we want our vendors to have an improvement in their bottom lines – we are not looking to have all the savings passed on to us.”

To make the process work, the retailer sends EZD Global information from its supply chain transactions so that the SCF provider can more accurately assess the financial risk on an on-going basis. This translation of supply chain risk into financial risk also has been beneficial for retailer. “The assessment data has been an unexpected benefit,” says the finance director. “It has given us a better view of our supply chain base and its strengths and weaknesses – for instance, can a vendor actually supply goods in the volume, quality, and speed you need?”

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