



Treasury and Trade Solutions



Case Study | Consumer

Visy: Unlocking Free Cash Flow and Enhancing Supplier Relationships Through Citi Commercial Cards



About Visy

Visy is a global leader in packaging and resource recovery. Since the firm was established more than 70 years ago, it has expanded across more than 140 sites in Australasia, with trading offices in Asia and Europe and over 7,000 employees.



In 2018, Visy undertook a working capital review, with a view to digitising payments, implementing greater controls, and unlocking free cash flow. Although it already had reasonably high days payable outstanding (DPO), the team recognised that there could be further improvement. At the same time, it was important to maintain good supplier relationships.

Visy had typically chosen to work with Australian banking partners, but the company's GM Finance, APAR Richard Xuereb, recognised that Citi brought specific global expertise and solutions which would help boost its working capital efficiency. In particular, the company was attracted to Citi's virtual card programme which offered the benefit of faster payments for suppliers together with working capital benefits for Visy.

“The Citi team was very constructive in working with us and understood our working capital challenges and opportunities. We recognised that the bank offered a mature cards programme that could be integrated easily into our payments technology infrastructure, and provide the last piece in our working capital jigsaw. We had a vision in how we wanted the card programme to operate and the manner in which it would be offered to our suppliers that would differentiate the Visy programme against others in the marketplace, to maximise uptake by our suppliers.”

Richard Xuereb, GM Finance APAR, Visy

Visy therefore appointed Citi as its key card programme provider, which became one of the first international banks with which the company had built a relationship. When the programme was first established in late 2018, around 50 suppliers signed up, but this quickly ramped up over the following 18 months to around 3,000 suppliers due to both Visy's unique approach and Citi flexibility to accommodate Visy's rollout methodology.

Today, Visy operates one of Asia's largest card programmes, the company is leading the way in payments digitisation in Australia, using cards not only for supplier payments, but also for tax payments. Not only has Visy substantially increased its DPO and unlocked free cash flow, but its cost of funding is also far lower as a result.



Citi's Card Programme: The Benefits for Visy



Ease of onboarding across 6,000 suppliers



Simple process for all parties



Suitable for high and low value purchases



Suppliers benefit from reduced Days Sales Outstanding (DSO) with earlier payment



Multiple statement cycles also enable Visy to meet different supplier requirements and maximise DPO



Embedded into Visy's payment culture and supplier relationships



Lower cost of funding



Positive expression of Visy's support for suppliers



Visy has structured its Citi card programme to meet its specific working capital needs with six billing cycles each month, therefore offering high predictability of payments and significant working capital advantage, together with good supplier relationships through prompt payment.

As a result of implementing the card programme, Visy has unlocked free cashflow and expects to increase its cards spend in future, both by value and the number of spend categories.

“We have an excellent relationship with Citi. The bank is very flexible and responsive, such as enabling us to increase our credit limit quickly and easily, which has been very helpful as we expand the use of cards for supplier payments.”

Richard Xuereb, GM Finance APAR, Visy

In addition, the implementation and operation of the cards programme has enabled Citi and Visy to build a strong and trusted relationship. The two parties are now exploring further opportunities to work together, such as implementing a supplier portal and finding ways to

optimise straight through processing. This will be “a game changer” Richard explains, as suppliers can be built into the cards programme even if they do not have a cards acceptance capability.

“We were positively surprised by suppliers’ reaction to our cards programme, with far higher take up than we expected. Part of the reason for this was that we made sure that there were benefits both for Visy and our suppliers – a “win-win”. It was also an important demonstration of our culture to support suppliers constructively over the long term.”

Richard Xuereb, GM Finance APAR, Visy

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CTA 4458 May 2024