



# Leading Pharmaceutical Company Drives Enhanced Liquidity for its Supply Chain

Cipla adopted C2FO's Early Pay Platform for enabling holistic working capital management to unlock value for itself and its suppliers. Since its launch in 2018, the program has been a great success with almost 70% of Cipla's suppliers adopting it and overall a 90% jump in invoice acceleration volume. This has enabled Cipla to infuse enhanced liquidity in its supply chain.



*"C2FO's Early Pay Program is central to achieving all of our working capital strategic objectives. Over the years it has helped us by greatly improving our cash yield returns through investing in our vast supply chain network. Industry-leading adoption rates by our vendor ecosystem are a testament to our success with this program."*

**Abhay Adukia, Senior Director, Head of Treasury, Cipla Limited**

## Introduction

Established in 1935, Cipla is a global pharmaceutical company focused on agile and sustainable growth, complex generics, and a deepening portfolio in the home markets of India, South Africa, North America, and key regulated and emerging markets. Cipla's strengths in the respiratory, anti-retroviral, urology, cardiology, anti-infective and CNS segments are well-known. Its 47 manufacturing sites around the world produce 50+ dosage forms and 1,500+ products using cutting-edge technology platforms to cater to 80+ markets. Cipla is ranked the 3rd largest in the pharmaceutical industry in India (IQVIA MAT July'22), 3rd largest in the pharmaceutical private market in South Africa (IQVIA MAT July'22), and is among the most dispensed generic players in the USA. For over eight decades, making a difference to patients has inspired every aspect of its work.

Cipla has embarked on a journey to transition from a global pharmaceutical company to a holistic healthcare organisation underpinned by digital transformation. Like many leading pharmaceutical companies, a seamless supply chain is critical for Cipla to deliver medicines on time. It heavily depends on the health of its supply chain and ensures that it operates without disruptions. Therefore, along with a few core functional priorities, the company focuses on driving cost efficiency, improving business processes, enabling supply chain finance and using data analytics effectively to generate valuable insights for business impact. As improvement is a continuous process, Cipla constantly revisits its existing business processes and finds ways to digitise, simplify and make them more efficient for its supply chain.



## The Challenge

India is the largest market for Cipla, followed by Africa and North America. With the overarching principle of growth with governance, the finance team at Cipla focuses on balancing growth with value creation. The role of the team has evolved over the years owing to the ongoing digital transformation and the voluminous increase in data.

With a vast network of supply chains in India, Cipla was looking to reduce the overall bill cycles and ease working capital accessibility throughout its supply chain.

Many of its small and medium suppliers used to reach out on an ad-hoc basis for early payments. Since this had to be done out of the ordinary course of business, Cipla was looking for a digitally automated solution to help hundreds of its suppliers participate and receive working capital in one go and enable higher capital returns through this program.

In a nutshell, the company was looking for a smoother supply chain program that was entirely digital and automated; didn't have the hassles of documentation, manual processes and other

*“We found that discounting invoices through C2FO is very easy. The process is simple and less time taking than other bill discounting options. The team is very professional and all required information on the amount and discounting charges are available easily. Our access to funds become easy at very competitive rates with no paperwork.”*

**Mayank Jain, Director, Creative Pharma Technologies Pvt Ltd. (Supplier)**

complexities; and could be expanded to a wider supplier base, smoothly integrated with its existing bank program.

### The Solution

Cipla partnered with C2FO to launch a holistic one-stop supply chain liquidity solution. Its finance team implemented C2FO's Early Payment program to provide easy access to working capital throughout its supply chain.

As part of the pharmaceutical industry, Cipla has longer bill cycles owing to the multiple steps required in the bill booking process. Therefore, it plugged its Goods and Service Tax (GST) database into C2FO's Early Payment program to reduce invoice booking time. This enabled C2FO to approach Cipla's suppliers at the GST stage and expedite bill bookings for interested suppliers.

With this implementation, the invoices are now booked earlier, which helps create additional discounting days, leading to increased savings for Cipla and faster availability of working capital for the suppliers. The program also gave clear visibility to the suppliers of the available invoices, booked invoices and the respective due dates.

It was also an excellent treasury management solution as Cipla was improving returns by investing in its supply chain and the growth of its supplier

partners. It was a win-win situation for both the company and its supply chain. This helped them enhance their relationship with suppliers by giving them a transparent view of the cash flow.

### The Outcome

Cipla has been successfully running its partnership with C2FO since 2018, and the company has been able to strengthen its supply chain every year. It was able to run the program throughout the challenging financial environment during the pandemic, ensuring that its supply chain had access to adequate working capital.

- Within the 1st year of the partnership, Cipla saw about **70%** of its suppliers register on the C2FO platform.
- There has been a **90%** increase in invoice acceleration volume since the program's launch in FY2019.
- As a result of this non-debt solution, Cipla is experiencing a **500bps** improvement in cash yield right now.
- Suppliers, on average, received payments **25 days** earlier and could meet their working capital requirements.
- In 2019, Cipla won the highly commended Adam Smith Award Asia for the '**Best Working Capital Management Solution**'.

- More recently, Cipla also bagged the **'Best Finance Team of the Year'** award in the Pharmaceutical Industry & Large Enterprise category at the 7th Future of Finance Summit and Awards 2022.
- The partnership with C2FO has resulted in a strengthened balance sheet with robust cash flow generation for Cipla.



*"The impact of our partnership with C2FO is reflected across our supply chain. The solution provides us with the support to manage a large database and provide faster working capital for our suppliers. We are proud of this association with C2FO and look forward to a healthy partnership for years to come."*

**Siddharth Agarwal, Finance Head - Global Supply Chain, Costing, Capex & API BU, Cipla Limited**



### About C2FO

C2FO is the world's on-demand working capital platform, providing fast, flexible and equitable access to low-cost capital to nearly 2 million businesses worldwide. Using patented Name Your Rate® technology and a suite of working capital solutions, companies can get paid sooner by the world's largest enterprises — unlocking billions in risk-free capital. C2FO's mission is to ensure that every business has the capital needed to thrive and has delivered more than \$220 billion in funding around the world. Founded in 2008 and headquartered in Kansas City, USA, with offices around the globe, C2FO is working to build a better, more inclusive financial system every day.

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