



As the third-largest retailer in the world, Costco Wholesale is a multi-billion-dollar organization that operates warehouse club operations across the globe, and maintains a rich and diverse global supply base.

In 2011, Costco recognized a challenging working capital environment. Specifically:

- The loan environment for SMBs had been difficult since the financial crisis
- Sources of cash and other alternatives were expensive for Costco suppliers
- Costco's investment yields on treasuries, commercial paper and bonds were at all-time lows

This case study illustrates Costco's strategy in providing a working capital solution for its suppliers, the criteria Costco used to choose C2FO and the overall results generated.



“It’s not often you have an opportunity to make a fundamental change in the way business is conducted. Our partnership with C2FO is a great example of what can be accomplished when thoughtful, ethical organizations are willing to challenge the status quo.”

Joseph E Grachek III

VP Merchandise Accounting Controller

The Challenge

In seeking a new finance program for its suppliers, Costco had the following goals:

- Improve supplier relationships while reducing costs and risks throughout the supply chain
- Use working capital in a more efficient manner
- Reduce internal costs and improve returns on short-term investments
- Minimize the use of internal resources and generate a fair return on cash
- Provide a program that appeals to most suppliers and meets their funding needs

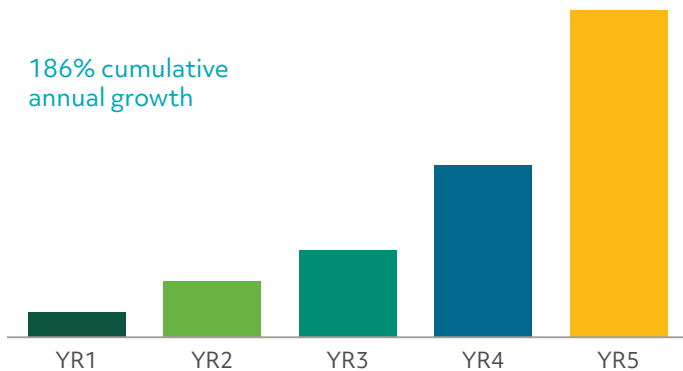
After exploring options that included invoice factoring and creating an internal program, Costco chose to move forward with a dynamic discounting solution with C2FO.

The Solution

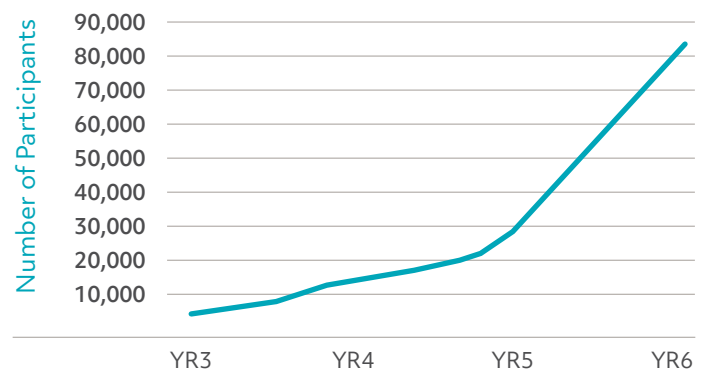
The Costco Early Payment Program through C2FO enabled suppliers to accelerate payment on invoices that they select, at discounts that work for them. With the goal of creating a win-win for Costco and its suppliers, the C2FO digital platform allowed suppliers to easily participate and take greater control of their cash flow. They could utilize C2FO to receive early payment from other customers as well.

The Results

Costco Working Capital Flows Growth



Cumulative Supplier Participations



Cash Flow, Delivered

Within five years, early payments to Costco suppliers through C2FO grew a cumulative **186%**.

Days Paid Early

Costco suppliers that use C2FO receive early payment by an average of **22 days**.

Supplier Adoption

Supplier participation in the Costco Early Payment Program continues to increase, most recently growing by **141% year-over-year**.

Optimized Income

The program has generated billions of dollars in capital flows for Costco suppliers, while providing Costco with significant income generation, increased gross margin, and a **400 to 500 bps** increase in treasury yield.

About C2FO

C2FO is the world's largest platform for working capital. We serve over one million businesses representing \$10.5 trillion in annual sales across more than 180 countries. Our online platform connects more than \$100 billion of daily accounts payable and accounts receivable. Whether you need working capital or have excess working capital, Name Your Rate™, and the C2FO platform will match your request in seconds. You can accelerate or extend AP or AR on demand, providing you, your customers and your suppliers greater control over cash flow. You can also utilize AR financing and other data-driven funding options.

C2FO is working capital, working for everyone. Our mission is to deliver a future where every company in the world has the capital needed to grow. To learn more, visit C2FO.com



For more information on how C2FO can help your business, contact us at info@c2fo.com.