



# Dynamic Discounting

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*Exceptional  
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interest*



U.S. DEPARTMENT OF  
**ENERGY**



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# Key Topics

- Current SNL discount process
- Opportunity with Dynamic Discounting
- Implementation of Dynamic Discounting

# Dynamic Discounting

- Dynamic Discounting is an option for suppliers to choose discounted payment terms for early payment at the time of invoicing.
- Currently SNL takes discounts only on contracts where discounting terms have been negotiated with the supplier and is identified in the contract language.
  - Only 3% of vendors currently offer discounts but the trend is increasing.

# Opportunity for savings

- AP processes ~ \$900 million in PO related invoices per year
- Industry average indicates that up to 20% of vendors will opt to take discounted payments for quicker cash flow at the time of invoice submittal (dynamic discounting).
- If 10% of our vendors choose a discounting option, Sandia has the opportunity to capture \$1.8M in savings assuming a 2% discount.

# What have we done?

- AP has partnered with procurement, IT, and legal to review the opportunities and risks associated with offering discounts through e-Invoicing.
- IT has made changes to the current e-Invoicing tool to allow vendors to choose which discount and terms they want through 5 identified options or they can choose no discount and take their current terms.
- Sandia implemented the tool in July 2014.

# Dynamic Discount Terms Available



Operated for the U.S. Department of Energy's  
National Nuclear Security Administration  
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## Dynamic Discount terms available as of Friday, June 27, 2014

- Discounts below are available for selection via e-Invoice ONLY.
  - For information on using Electronic Invoicing, click [here](#).
- Only Discounts with early payment terms that are more favorable than the PO's payment terms will be available for selection.

### LARGE BUSINESS Suppliers – as designated by Sandia (excludes Foreign Suppliers)

Discount	Description
3%/5 NET 30	3% discount if paid within 5 days of invoice submission date, otherwise 100% due in 30 days
2%/10 NET 30	2% discount if paid within 10 days of invoice submission date, otherwise 100% due in 30 days
1.5%/15 NET 30	1.5% discount if paid within 15 days of invoice submission date, otherwise 100% due in 30 days
1%/20 NET 30	1% discount if paid within 20 days of invoice submission date, otherwise 100% due in 30 days
.5%/25 NET 30	0.5% discount if paid within 25 days of invoice submission date, otherwise 100% due in 30 days

### SMALL BUSINESS Suppliers – as designated by Sandia

Discount	Description
3%/5 NET 15	3% discount if paid within 5 days of invoice submission date, otherwise 100% due in 15 days
2%/10 NET 15	2% discount if paid within 10 days of invoice submission date, otherwise 100% due in 15 days

# E-Invoice Screen

Items											
PO Number	Line	Shipment	Item Number	Item Description	Supplier Item Number	Ship To	Available Quantity	Quantity	Unit Price	UOM	Amount
1410735	1	1		Dell Precision 9000 Computer - Test DD		SANDIA LABS - ABQ	16830	100	1	EACH	100

**Invoice Payment Terms**

Interested in an early payment? Select one of the discounted payment terms below.

Current PO Terms: **.5%/25 NET 30 - .5% DISCOUNT IF PAID IN 25 DAYS NET DUE IN 30 DAYS**

Available Invoice Terms (Optional)

3%/5 NET 30 - 3% DISCOUNT IF PAID IN 5 DAYS NET DUE IN 30 DAYS

**2%/10 NET 30 - 2% DISCOUNT IF PAID IN 10 DAYS NET DUE IN 30 DAYS**

1.5%/15 NET 30 - 1.5% DISCOUNT IF PAID IN 15 DAYS NET DUE IN 30 DAYS

1%/20 NET 30 - 1% DISCOUNT IF PAID IN 20 DAYS NET DUE IN 30 DAYS

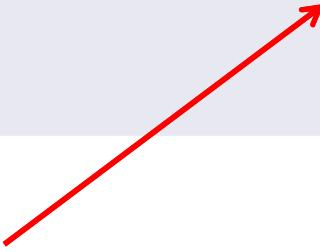
Use Current PO Terms

Estimated Discount: **\$2.00**

Estimated Payment **\$98.00**

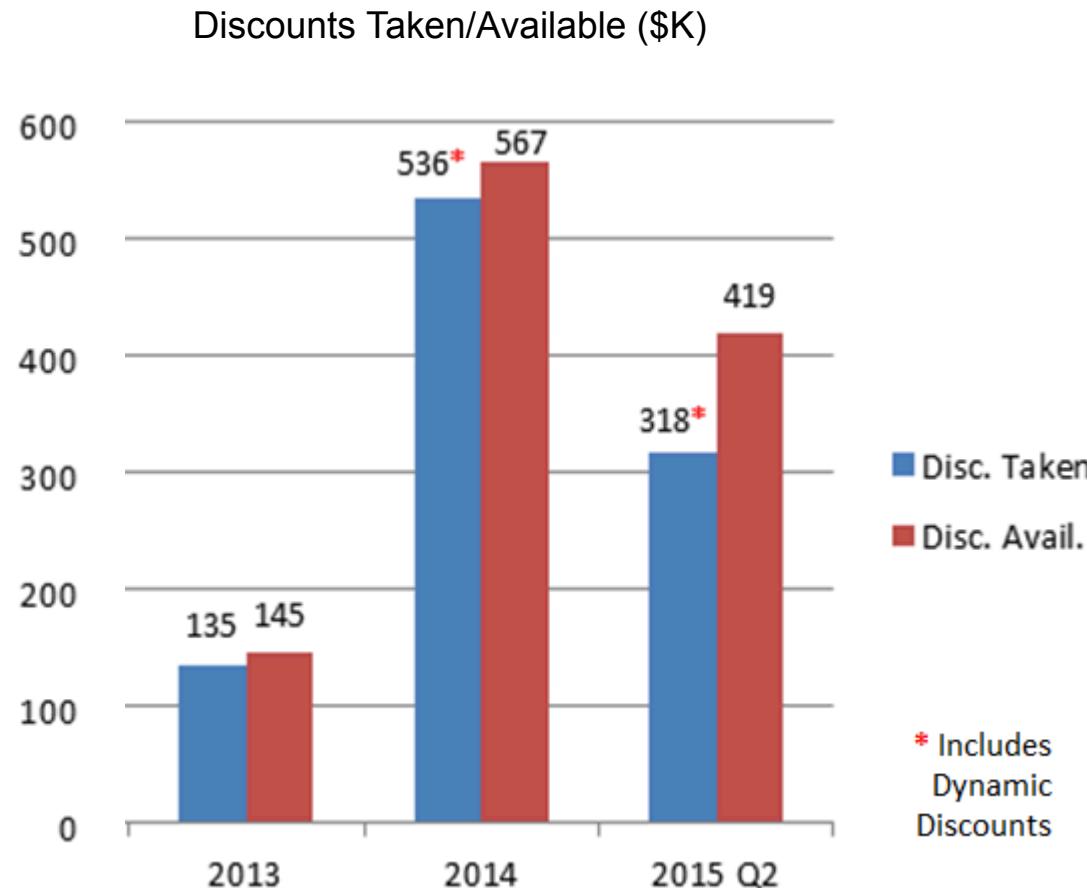
By selecting a discounted term, I acknowledge I am knowingly applying a discounted term against this invoice.  
Additionally, I allow Sandia National Laboratories to recognize the discount upon payment of this invoice.

**Cancel** **Back** Step 2 of 4 **Next**



Suppliers have the option to toggle through the available discounts to see the estimated discount associated with each discount option.

# Discounting Metrics



# Questions?