

Dynamic Discounting



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U.S. DEPARTMENT OF
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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
by Sandia Corporation

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

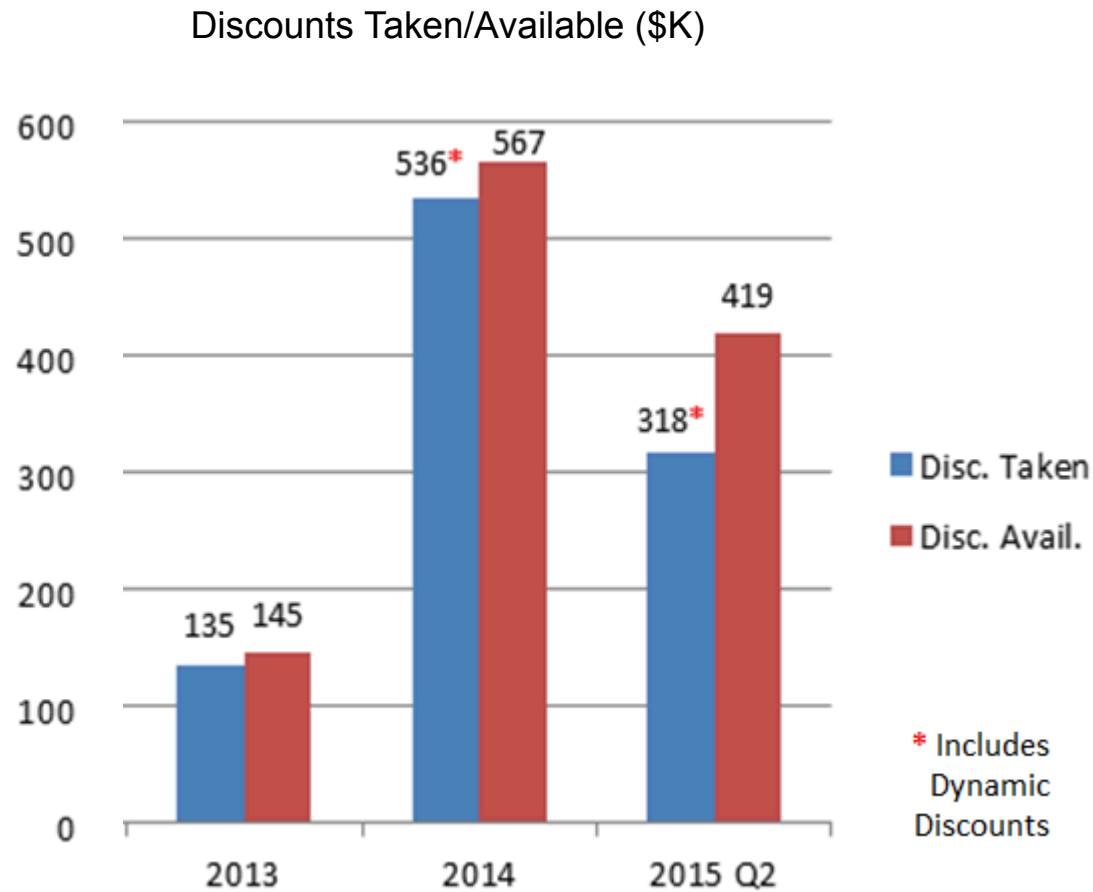
Items											
PO Number	Line	Shipment	Item Number	Item Description	Supplier Item Number	Ship To	Available Quantity	Quantity	Unit Price	UOM	Amount
1410735	1	1		Dell Precision 9000 Computer - Test DD		SANDIA LABS - ABQ	16830	100	1	EACH	100

Invoice Payment Terms	
<p>Interested in an early payment? Select one of the discounted payment terms below.</p> <p>Current PO Terms: .5%/25 NET 30 - .5% DISCOUNT IF PAID IN 25 DAYS NET DUE IN 30 DAYS</p> <p>Available Invoice Terms (Optional)</p> <ul style="list-style-type: none"><input type="radio"/> 3%/5 NET 30 - 3% DISCOUNT IF PAID IN 5 DAYS NET DUE IN 30 DAYS<input checked="" type="radio"/> 2%/10 NET 30 - 2% DISCOUNT IF PAID IN 10 DAYS NET DUE IN 30 DAYS<input type="radio"/> 1.5%/15 NET 30 - 1.5% DISCOUNT IF PAID IN 15 DAYS NET DUE IN 30 DAYS<input type="radio"/> 1%/20 NET 30 - 1% DISCOUNT IF PAID IN 20 DAYS NET DUE IN 30 DAYS<input type="radio"/> Use Current PO Terms <p>Estimated Discount: \$2.00</p> <p>Estimated Payment: \$98.00</p> <p><input checked="" type="checkbox"/> 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.</p>	

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?