



Costco finds a mutually beneficial solution for suppliers by using C2FO's dynamic discounting solutions.

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



"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

About Costco

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.

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.

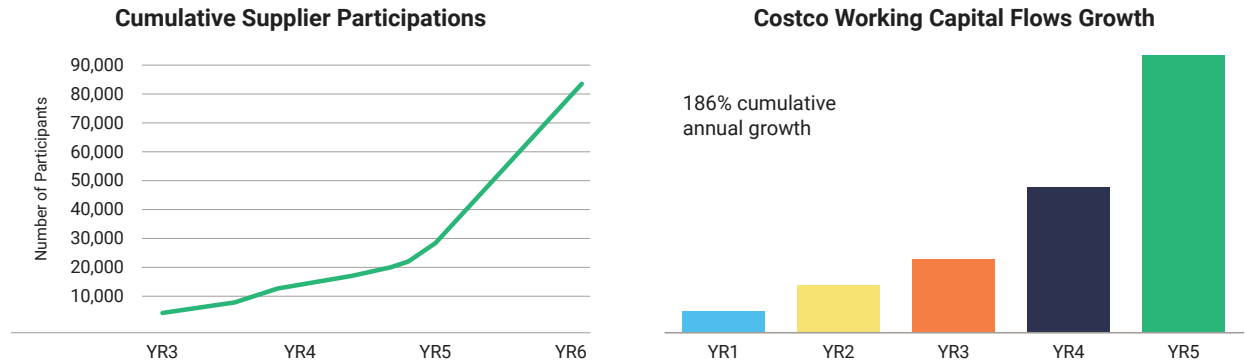
After exploring options that included invoice factoring and creating an internal program, Costco chose to move forward with a dynamic discounting solution with C2FO.



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



By the Numbers

186%

Cash Flow, Delivered

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

22

Days Paid Early

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

141%

Supplier Adoption

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

400-500
bps

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 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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