

WHITE PAPER DEVELOPMENT PROCESS



Prepared by: Mike Harris

Client Example

Delivery Information

Target page count: Up to 10 (for final delivered work)

Target word count: 200–300 words per page

Goal: Create a whitepaper that aligns the value of CLIENT's financial solutions to the use case around uncovering capital to fund AI-specific data center development and other strategic initiatives.

No language is final. All wording will be adjusted during Content R1.

The type of feedback we're looking for at this stage:

- Please identify **information** that might be missing. We'll incorporate it in our Copy R1 stage.
- Please identify **statistics** or **metrics** you'd like to see that are not currently in the outline.
- Please provide **narrative feedback** if our suggested narrative does not align with your goals for this whitepaper.

Outline Summary

Exploring Innovative Strategies for Auto Industry Procurement Executives

- This whitepaper will delve into the importance of establishing a new competitive advantage for auto industry procurement executives through innovative funding strategies for strategic initiatives. We will focus on inventory, supply chain, and receivables financing, emphasizing the benefits of sourcing solutions from a digital-first financial institution. To wrap up, we will provide readers with direct access to CLIENT’s experts for further discussion.

We will have five sections:

- **Introduction** — An overview of current economic trends in the auto industry and their effect on time-to-funding for essential strategic initiatives.
- **Procurement Priorities & Challenges** — An examination of the key procurement priorities and the challenges faced by executives.
- **Unlocking Cash Trapped in Transaction Cycles** — Strategies for freeing up capital and funding CAPEX internally.
- **Inventory, Supply Chain, and Receivables Financing** — Traditional procurement models may not keep pace with the rapid transitions in the auto industry. Expert third-party assistance can reduce risk and stress while accelerating time-to-funding.
- **Conclusion** — Discover more about the advantages of supply chain financing.

Outline

[Page 1] Title & Table of Contents

Navigating CAPEX challenges in automotive: a blueprint for financial innovation

● Table of Contents

○ Introduction: Procurement’s CAPEX decisions in a rapidly evolving auto industry

○ Chapter 1: The CAPEX conundrum: procurement's role in sourcing capital investment

○ Chapter 2: Capital liberation: escaping the constraints of transaction cycles

○ **Chapter 3: Leveraging internal funding for strategic initiatives: inventory, supply chain and receivables financing**

○ **Conclusion: Charting the future: strategic CAPEX and financial innovation in automotive. CTA: Talk to an expert**

[Page 2] Introduction: Procurement's CAPEX decisions in a rapidly evolving auto industry

● Intro:

○ Capital serves as the crucial bridge between imagination and reality. In the automotive industry, which is relentlessly evolving, procurement strategies must now navigate the burdens of inventory accumulated during years of low-cost capital, which has led to overleveraged dealers.

○ Amidst these challenges, procurement must adopt new, innovative solutions for funding projects, considering their impacts on corporate financial health, risk management and gaining internal buy-in.

● Set the stage:

○ In the dynamic landscape of the automotive industry, where innovation is not just a buzzword but a survival mandate, capital plays a pivotal role as the conduit that transforms visionary ideas into tangible realities. Procurement strategies, traditionally focused on cost and efficiency, must now evolve to embrace innovative funding levers.

■ Stat #1: In a recent report, NBC News referred to major automakers as "capital junkies" who've been on a multi-year binge and are now entering rehab.

■ Source: Auto Industry Pulling Back Capital Junkie Tendencies, Michael Wallander, CNBC, Nov. 24, 2024

● Body copy:

○ Briefly touch on macroeconomic trends and their impacts on working capital and CAPEX funding in the auto industry. Automakers can increase market responsiveness and the ROIC of strategic

initiatives by innovating their capital strategies, especially time-to-funding. How can procurement help?

○ Introduce the problem: Auto maker competition is fierce with relentless new pushes for strategic innovation, especially in electrification and autonomy. This puts pressure on development cycles which, in turn, puts pressure on time-to-funding for working capital and CAPEX.

○ Tease the solution: Automakers are turning a keen eye towards capital efficiency, looking intently at internal ways to unlock capital trapped in inventory, supply chains, and receivables.

● Transition: The auto industry's operational and financial dynamics suggest that trapped working capital can be a considerable amount, influenced by inventory management, receivables cycles, and supply chain transactions. Let's look at how a large automaker might leverage trapped working capital.

[Pages 3–4] Chapter 1: The CAPEX conundrum: procurement's role in sourcing capital investment

● Intro: Procurement has unique priorities and challenges when it comes to funding strategic initiatives. Priorities include alignment with corporate strategy, certainty of supply, year-over-year savings, and achieving net zero score 3 emissions in external suppliers.

● Problem: At the same time, funding solutions they choose must even up with corporate financial health, be flexible and adaptable, pass risk assessment, and gain buy-in from other decision-makers and stakeholders. This can lead to a convoluted process with multiple potential points of failure, which creates more stress.

● Solution: Expert digital-first third-party help with internal funding can increase the reliability of funding models, shorten time-to-funding, and lower costs of capital

○ Stat #2: Since developing a more cost-efficient, streamlined process for managing cash flow, a CLIENT partner saved an estimated \$3-4 million in annual costs from improved pricing rates.

○ Source: Insert link to real client example.

● Wrap-up: Procurement has its own unique priorities and challenges.

● Transition: Traditional procurement models often involve long, rigid processes unsuited to the rapid pace of innovation required for developing and implementing new technologies like electric vehicles (EVs), autonomous driving systems, or operations automation. Internal funding using capital trapped in transaction cycles can speed time-to-funding and ease some of the burdens imposed by traditional capital funding.

[Pages 5–6]: Chapter 2: Capital liberation: escaping the constraints of transaction cycles

● Intro: Describe the importance of understanding the advantages of trapped working capital, where it may be hiding and turning it into a strategic asset.

● Problem: Advantageous working capital may be trapped in the transaction cycles of inventory, supply chain and receivables. In high-value product markets like cars and auto parts, slower retail and OEM turnover result in massive amounts of capital sealed in seemingly inaccessible places.

● Solution: By understanding the dynamics of where working capital is trapped and employing tailored, rapid-response funding models, you can transform this dormant capital into a strategic asset. Armed with the right knowledge and funding models, you can access internal capital in ways that align with both corporate strategy and procurement priorities. The potential for capital liberation is immense in sectors like automotive, where high-value products lead to significant capital lockup due to slow turnover.

● Wrap-up: Leveraging innovative financial strategies can be a competitive advantage for capital intensive companies like automotive. This digital transformation approach is crucial to keep pace with changing consumer behavior towards online and in-demand services. As businesses adapt these strategies, they move closer to financial agility, operational efficiency, and environmental responsibility, marking a significant step towards a more liberated and sustainable capital management archetype.

● Transition: Dormant capital in the auto industry exists mostly in inventory, supply chains and receivables.

[Pages 7–8]: Chapter 3: Leveraging internal funding for strategic initiatives: inventory, supply chain and receivables financing

● Intro: Cash trapped in transaction cycles can be accessed now versus waiting up to six months or more for cycles to finish.

● Problem: Traditional procurement models may not be adequate enough to address innovative new financing strategies.

Innovation speed and flexibility

Supplier collaboration and innovation

Risk management in disruptive technologies

Supply chain adaptabilities

Data and analytics utilization

● Solution:

Supply chain financing. [Need case study]

Inventory financing models. [Need case study]

Receivables financing. [Need case study]

● Wrap-up: Large automakers outsource some strategic funding initiatives for the same reason they outsource batteries for EVs: they are too time-consuming and capital-inefficient to develop and build internally. Internal funding models may have many points of failure relevant to rapid-response adaptability. Well-respected financial institutions have invested substantially in creating digital-first models that can be tailored for a specific client and provide the deep expertise that helps ensure success.

● Transition: The future of financial innovation is here today and can help automakers create a new competitive edge in a capital-intensive and dynamic market environment.

[Page 9] Conclusion: Charting the future: strategic CAPEX and financial innovation in automotive

● Concluding statement: The future of strategic capital expenditure (CAPEX) and financial innovation in the automotive industry is poised for significant positive evolution, influenced by various technological and market trends.

● Concluding proof point:

● Stat #3: "2023 saw working capital performance deteriorate further and is characterized as the 'triple down' year. With all working capital metrics trending negatively for the first time in 10 years, this is a remarkable reversal of fortune in the performance of the top 1,000 U.S. publicly traded companies."

● Source: [The Hackett Group: 2024 Working Capital Survey](#)

● Product/service description: A digital-first Center of Expertise bringing tailored, rapid-response internal funding models and execution for strategic initiatives.

● CTA options (please choose one):

● Talk to a CLIENT expert about...