

Frequently Asked Questions – Early Payment Program

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What is Eli Lilly and Company's Early Payment Program?

The Early Payment Program is part of Lilly's ongoing Ariba initiative. The Early Payment Program delivers faster invoice payment in exchange for an agreed upon discount deducted from Lilly's invoice amount. This also may be referred to as Discount Management, Accelerated Payment Offer or Dynamic Discounting.

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How will this program benefit my business?

Some of the benefits to participating in Lilly's Early Payment Program include:

- Accelerated Cash Flow – Participating suppliers can expect to accelerate turning receivables to cash.
- Reduced Days Sales Outstanding (DSO) – By accelerating conversion of receivables to cash, participating suppliers will reduce DSO and free up working capital for other needs.
- Control over Payment Timing – Participating suppliers have the opportunity to request early payment on individual invoices as cash flow needs dictate.

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Do I need to change the way I invoice to participate in the Early Payment Program?

If you are already transacting with Lilly via the Ariba Network, you are ready to start taking advantage of early payment offers. However, if you are not already transacting with Lilly through the Ariba Network, you must sign up.

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How is the discount calculated and applied?

If you have a current early payment term with Lilly, then the discount is fixed thru the discount term day. If the invoice is paid after the discount term day, the discount will be calculated and applied via a sliding scale as explained below.

If you opt to accept Ad Hoc Early Payment offers, then by nature the early payment offer is dynamic and will change with the specific invoice opportunity. With this type of offer, you can review early payment offers for each invoice and must accept them before the early payment is initiated.

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What is a “sliding scale” discount?

A sliding scale discount is an early payment where the amount of the invoice discount decreases the closer the payment comes to the net term due date. A sliding scale discount takes into account the variable timing of invoice approval and enables you to receive early payment regardless of when the invoice is approved to pay.

For example, with a 2.0% 30 Net 60 early payment term, you have agreed to give Lilly a 2.0% discount in order to be paid 30 days early. If the invoice is fully approved on or before day 30, Lilly would apply the 2.0% discount and pay on day 30.

Today, if the invoice is not fully approved to pay until day 31 or later, Lilly waits to pay at the full 60-day term of that invoice, thus costing you valuable accelerated cash flow. With Ariba’s **sliding scale now applied** to your early payment term, if the invoice is fully approved to pay on day 31 or later, an early payment will be made with a prorated discount amount.

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What is an Ad Hoc Early Payment offer?

Ad Hoc Early Payment offers are invoice by invoice offers initiated by Lilly. For each invoice, you can review and select your preferred early payment date and proportionate discount amount. This review can be done manually or through automated acceptance rules defined in your Ariba Network account.

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What happens if I do not review an Early Payment offer?

Nothing. If you do not review or choose not to take action on an early payment offer, invoices will be paid according to each invoice’s net terms.

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I only want to review Ad Hoc Early Payment offers if they meet certain parameters. Is there any way to set filters or automate my review of these offers?

Yes. If there are certain calendar dates and/or early payment terms that you would always like to accept or reject, the Ariba Network enables you to define those rules within your Ariba account. Once rules are defined, only those early payment offers falling outside of those parameters will need to be manually reviewed by you in order to take effect.



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Understanding when payments will be made is important to my business. Is there a way for me to gain visibility into my invoice status and payment schedule?

Yes. This is a great benefit for our suppliers of Lilly's Ariba initiative. If you are registered and send your invoices to Lilly through the Ariba Network, then your invoice status and settlement date are displayed within your Ariba account for your convenience. Additionally, you can use the Cash Flow Optimizer tool to identify and define which invoices will be paid when to meet your specific cash flow needs.

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I do not need to be paid early all the time, but my business does have periodic needs for accelerated cash flow. Does this program accommodate that?

Yes. When you login to your Ariba Network account and view Invoices, you will see Early Payment offers for your available invoices. You can review and choose to accept or not based on your business needs.

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What is the purpose of Dynamic Discounting Credit Memos?

Many tax authorities with VAT or similar indirect tax methods require suppliers to issue credit memos when an early payment discount is granted after the issuance of the invoice. The Ariba Network can issue dynamic discounting credit memos on the supplier's behalf so that buyers and suppliers have access to a scalable, simple approach to take advantage of early payment discounts in countries that mandate credit memos.

To allow Ariba Network to automatically generate credit memos on your behalf when an early payment discount is taken after the issuance of a tax invoice, you must complete the **Dynamic Discounting Credit Memos** task, assigned to you by your buyer. To complete this task, you create a numbering scheme, review the buyers and countries or regions for which the functionality will be enabled, then agree to the terms of use.

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How and when are Dynamic Discounting Credit Memos created?

The Ariba Network will utilize the supplier's original tax invoice to create the dynamic discounting credit memo. The Ariba Network creates dynamic discounting credit memos when it receives a buyer's remittance advice that matches the supplier's early payment request.

You must complete the **Dynamic Discounting Credit Memos** task by creating a numbering scheme, reviewing the buyers and countries or regions for which the functionality will be enabled, then agree to the terms of use.

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How do I register to receive Dynamic Discounting Credit Memos?

If Dynamic Discounting Credit Memos are in scope, Lilly will require you to complete the **Dynamic Discounting Credit Memos** task.

You must complete the **Dynamic Discounting Credit Memos** task by creating a numbering scheme, reviewing the buyers and countries or regions for which the functionality will be enabled, then agree to the terms of use.

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Who do I contact with questions regarding this program?

If you have a question related to the Ariba Network, please contact Ariba Support through the portal - <https://www.ariba.com/support/supplier-support>.

For all other Lilly Purchase to Pay and Accounts Payable questions, please contact your **Lilly contact point** or Lilly Purchase to Pay Answer Centre for the participating Lilly Entity:

If you are doing business with a Lilly Affiliate in this Country:	Purchase to Pay Answer Center Email
United States	p2p_answer_center@lilly.com
Canada	p2p_answer_center@lilly.com
Austria	at-kreditoren@lilly.com
Denmark	DK-leverandorer@lilly.com
France	fr-comptabilite@lilly.com
Germany	de-kreditoren@lilly.com
Ireland	p2p_icemail-kinsale@lilly.com
Netherlands	benelux-ap@lilly.com
Norway	NO-leverandorer@lilly.com
Puerto Rico	p2p_answer_center@lilly.com
South Africa	ZA_AP@lilly.com
Sweden	SE-leverantorer@lilly.com
Switzerland	ap_plmail-ch@lilly.com
United Kingdom	ap_plmail-uk@lilly.com

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