

Automating Supplier Negotiations: A Walmart Case Study



Erik Raudsepp

VP of Product Engagement

PACTUM 

The background of the image is a collage of various US dollar bills, including \$100, \$50, and \$20 bills, arranged in a somewhat chaotic, overlapping manner. The bills are rendered in a dark, muted color palette, creating a textured, layered effect. The text is overlaid on this background.

Negotiations are
complicated!

F500 Companies are leaving
Billions on the Table!

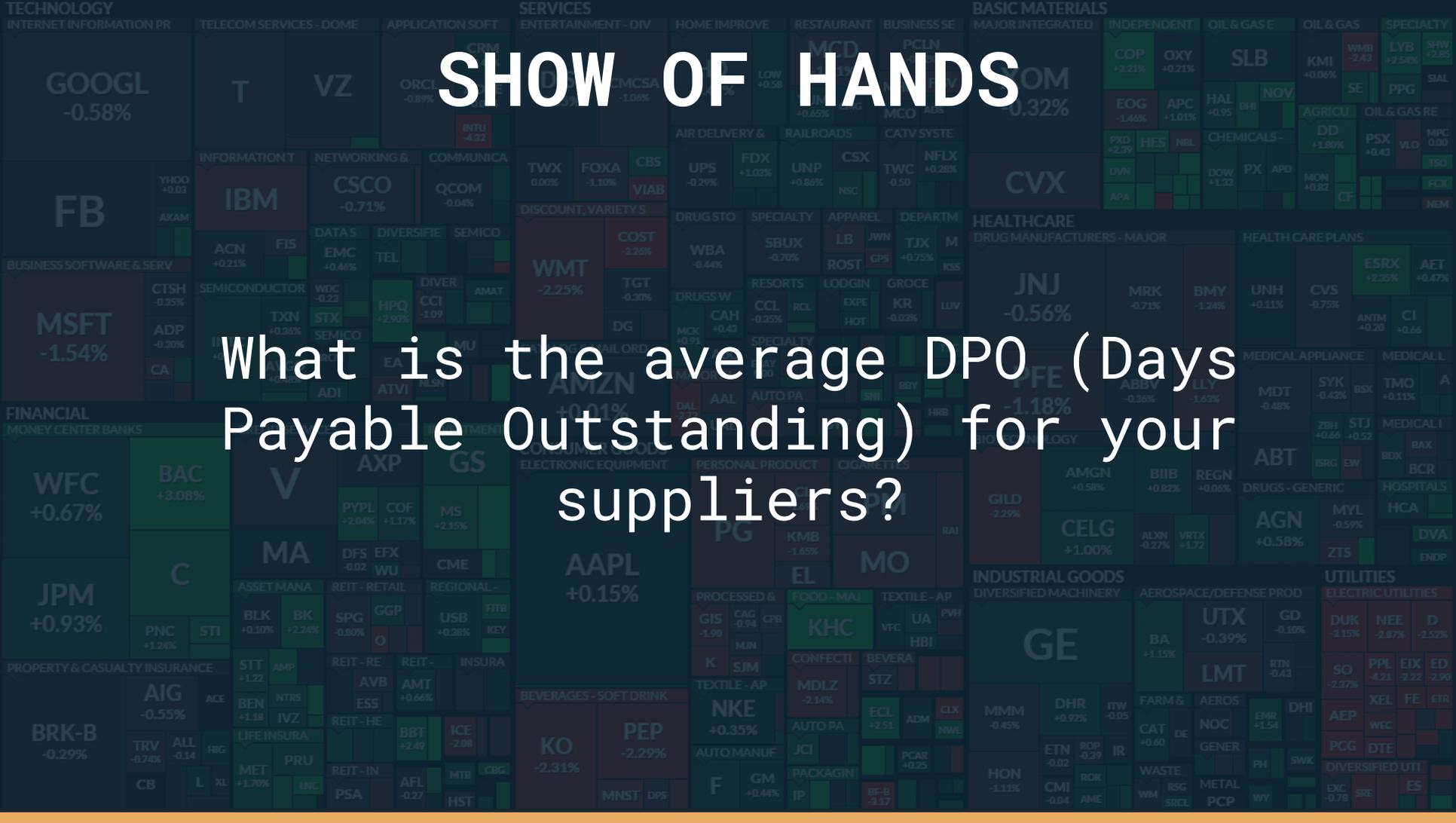
\$523 Billion

Estimated working capital that can be released across the S&P 1500 companies

Source: JPMorgan Working Capital Index report

SHOW OF HANDS

What is the average DPO (Days Payable Outstanding) for your suppliers?



SHOW OF HANDS

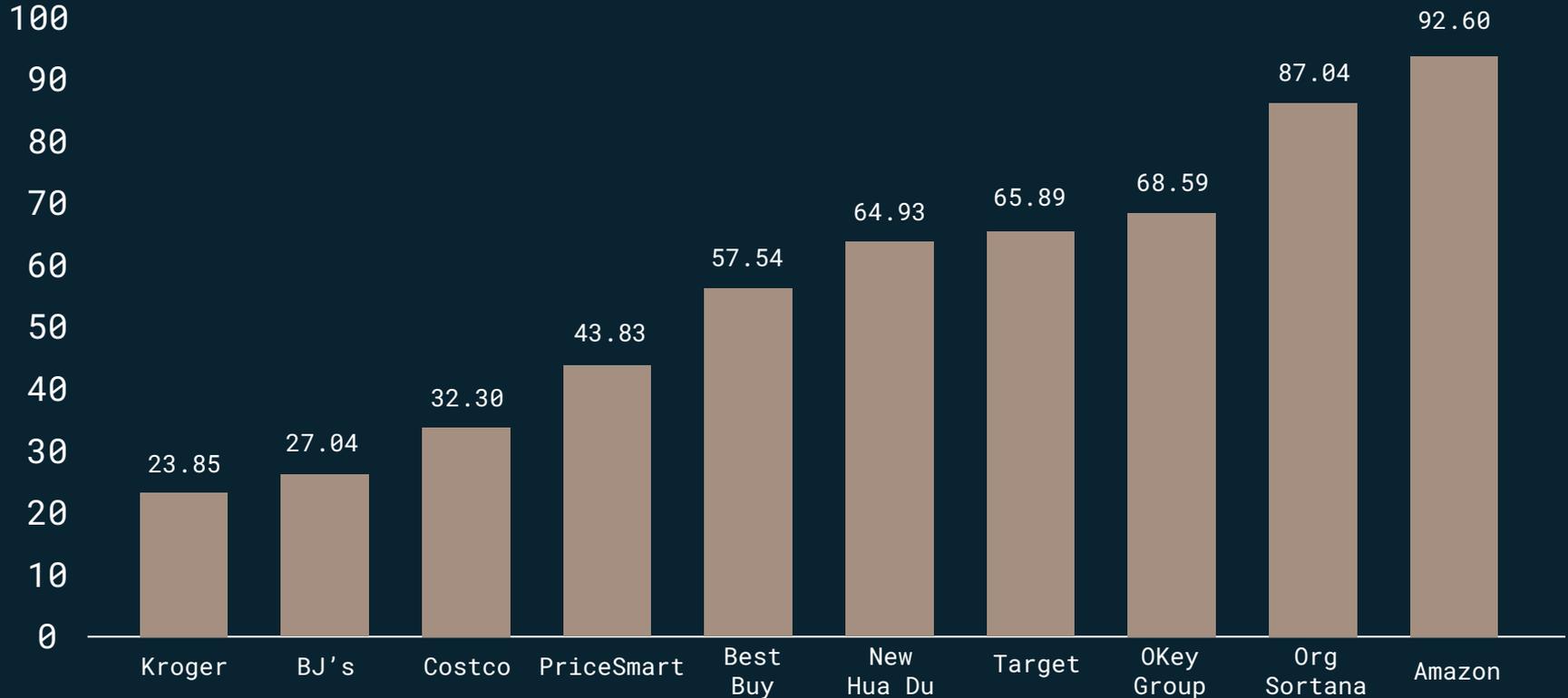
Is your DPO in the top quartile of your industry?



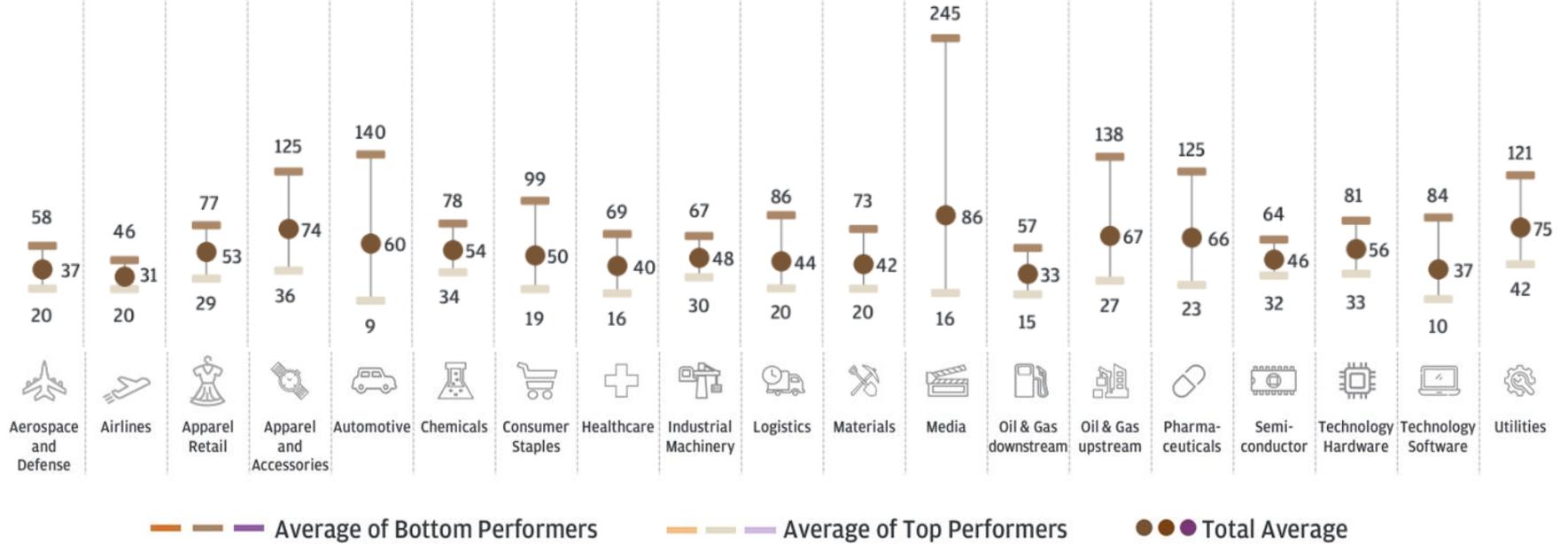
YOUR SUPPLIERS ARE EXTENDING LONGER PAYMENT TERMS TO OTHER COMPANIES IN THE INDUSTRY

\$523 BILLION OPPORTUNITY FOR S&P 1500 COMPANIES

Source: Capital IQ; JPMorgan Working Capital Index Report



Days Payable Outstanding (Days)



Source: Capital IQ



Chapter 2:

How Walmart utilized Pactum's Chat + AI to gain 3% early payment discount + add net 35 days to payment terms

PILOT

Sellers, Retailers & Tech brought together

Build a cross functional team to reach towards the end goal

Production Pilot



89
Suppliers



5
Buyers



Procurement Team
in Canada



Finance &
Treasury Teams



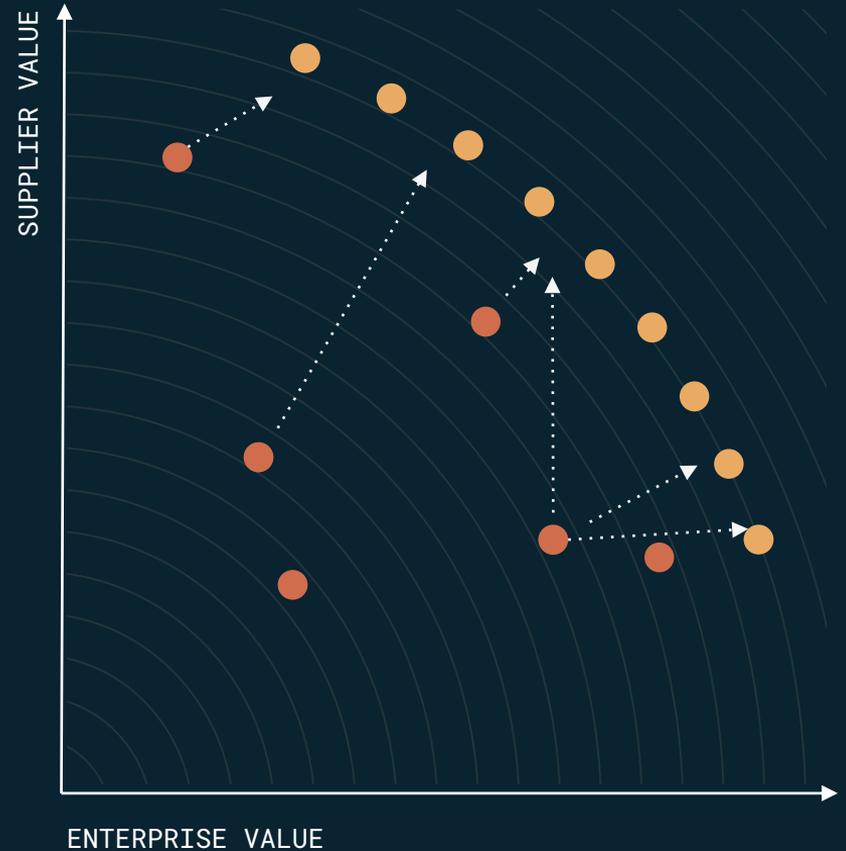
Legal
Teams

Invited 100 tail end suppliers to try the solution
(89 agreed to participate)

Pareto Optimal

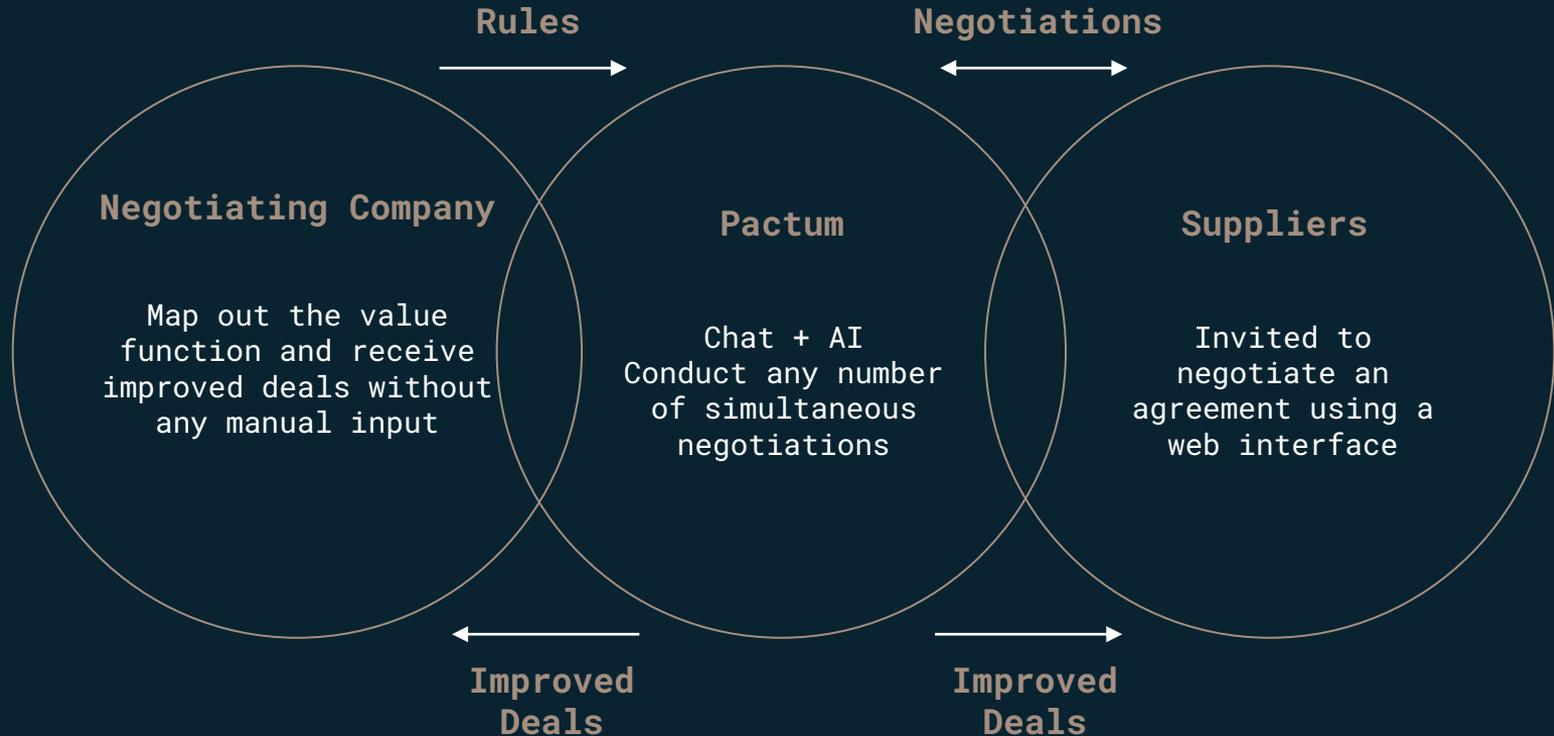
The Principle

Pareto optimality ensures that the value for both sides is maximized without hurting one another



WIN-WIN ECOSYSTEM

How to bridge the 1-2% gap to move towards Pareto Optimal



HOW AI + CHAT TRANSFORMED WALMART'S NEGOTIATIONS PROCESS



Pactum's
**AI Enabled
Chatbot**

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Pactum's
**AI Enabled
Chatbot**

1

Targeted
payment
schedules

2

Termination
clause made
Supplier friendly

3

Internal buyers
selected to train
Pactum AI's ML

4

Scenarios
created to
train
negotiation
skills to the AI

5

The AI
enabled the
suppliers to
reply to the
negotiation at
their own pace

6

The chatbot
helped to reach
64% closed
negotiations
as ROI in 11 days

Seamless Transformation Journey with AI

Summary

Walmart deployed AI-powered negotiations software with a text-based interface (i.e., a Pactum chatbot) to connect with suppliers and to automate negotiations around payment terms and price discounts.

**68%**

Percent of suppliers that the chatbot successfully closed an agreement

Results

+3% 

Average gain from negotiated discounts and discount days

+35 

Average extension in negotiated payment days

Supplier Experience

**83%**

Percent of suppliers described the system as easy to use in post-pilot interviews

"Nail It and Scale It"

Scaling has increased productivity because the software learns from every negotiation, reducing the setup time for new categories. Additionally, the chatbot can run 2,000 negotiations simultaneously.

Categories:

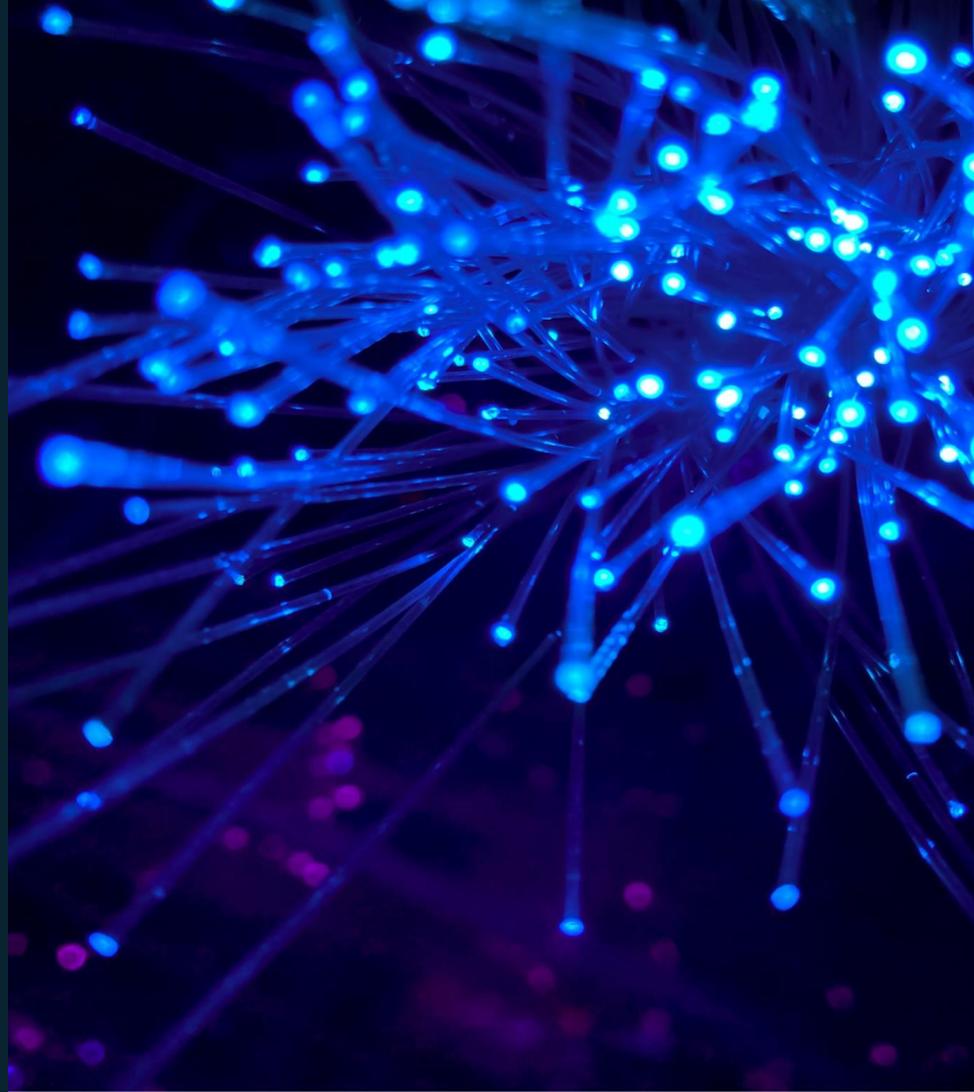
- Indirect
- Goods For Resale
- Freight Logistics Rates



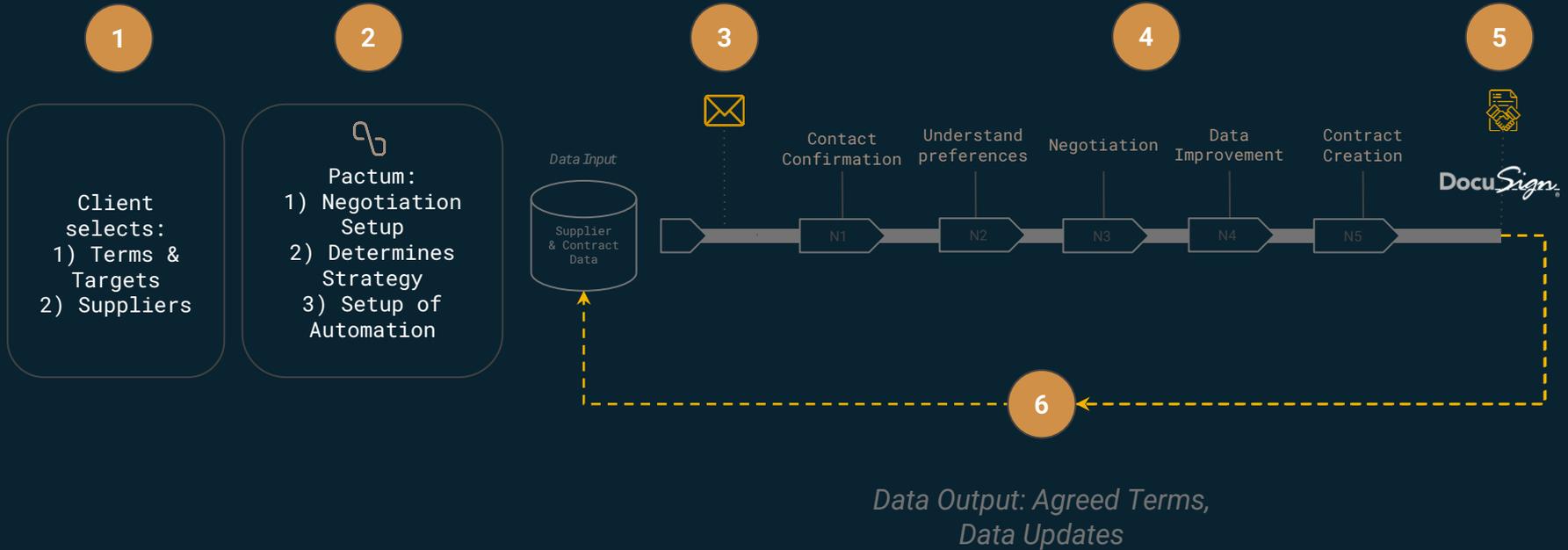


TAKEAWAYS ABOUT CHAT+AI

- Performs as an Autonomous Agent
- Every negotiation improves the next one - Machine Learning
- Largest Repository of Behavioral Negotiation Learnings
- Integrated with existing platforms (SAP Ariba, DocuSign .etc)
- Decisions based on deep data analyses
- Rapid deployments and bottom line benefits



PACTUM | PROCESS



DEMO

FACTUM 

1. Introduction

2. Growth Opportunities

3. Payment Terms Optimization

4. Summary

 SSL Secured communication

AUTOSAVED 16:39

 MAXIMIZE



Supplier portal

Hello and welcome to the Big Enterprise Supplier Portal! We are looking forward to discussing our collaboration with you as a representative of Peter's Travel Agency.

How are you today?

Great

I'm doing okay

About Big Enterprise Supplier Negotiation Portal

The purpose of this Portal is to help our suppliers select payment terms and discuss opportunities for growth that are most suited for Peter's Travel Agency.

You can close the window and revisit the link at any time until on which this link expires.

The outcome of this discussion is a contract appendix document that will be sent to your email for review and signing.

Big Enterprise Supplier Negotiation Portal is powered by [Pactum](#)

SUPPLIER'S EXPERIENCE WITH PACTUM

6.99%
IMPROVEMENT

"10 of 10, I was pleasantly surprised by the clarity, simplicity and efficiency of your Supplier Portal. Keep it like that and all is going well for you and your suppliers"

3.65%
IMPROVEMENT

"I think it worked well. It was the first type of totally electronic agreement that we have ever received, it was very easy"

2.72%
IMPROVEMENT

"We have been dreaming about [enterprise] reaching out to us forever. Please let me know what you need from us to move us up to the supply partner I know we can be"



Walmart has written a successful transformational story by Automating supplier negotiations



Powered By
**Artificial
Intelligence**

Key Takeaways

Move quickly towards a production pilot

Start with indirect spend categories with pre-approved suppliers

Scale by extending geographies, categories and use-cases



Q&A

**Scan to redirect to the
Harvard Business Review on**

How Walmart automated negotiations with
the help of Pactum's AI ChatBot

Get in touch : ERIK@pactum.com