

November 30, 2021

RADIANCE ON THE ROAD

LONDON

Bayer is Building a Counterplan to Future-Proof A/R Operations

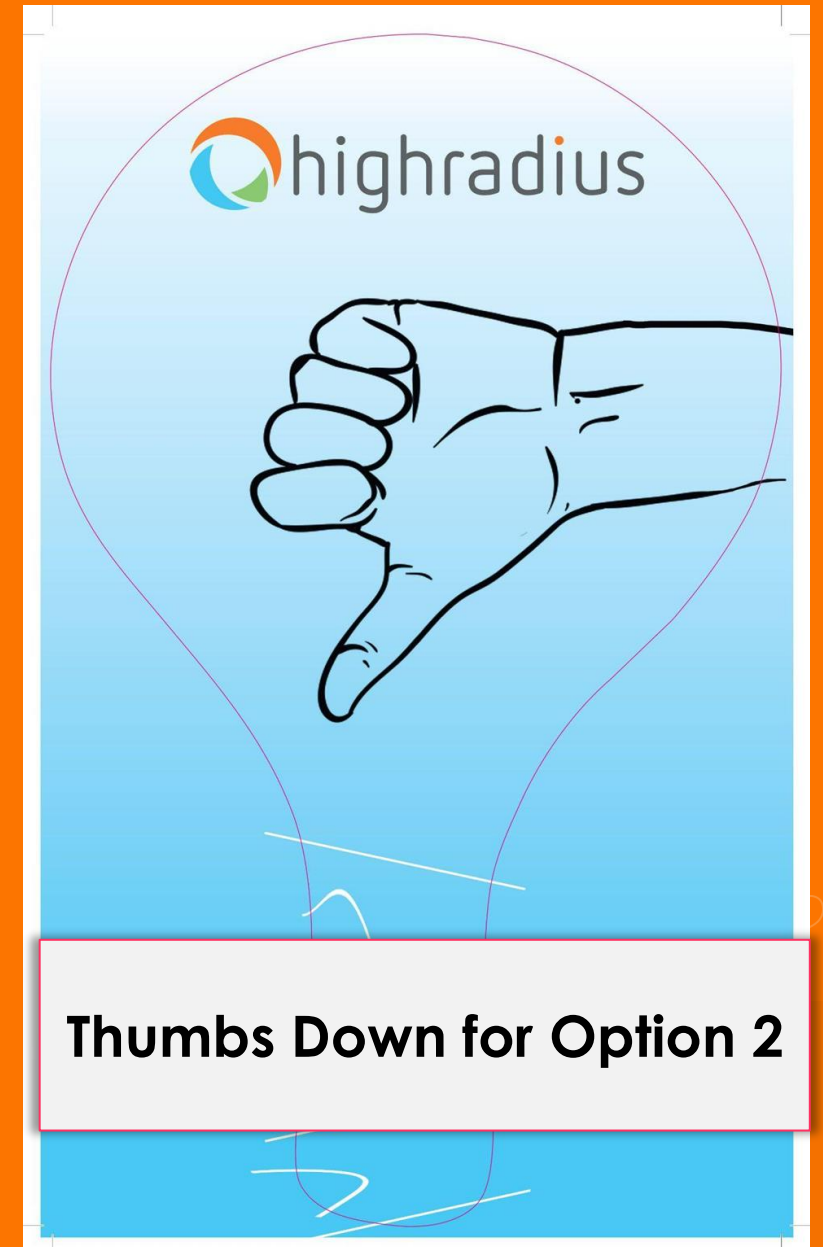
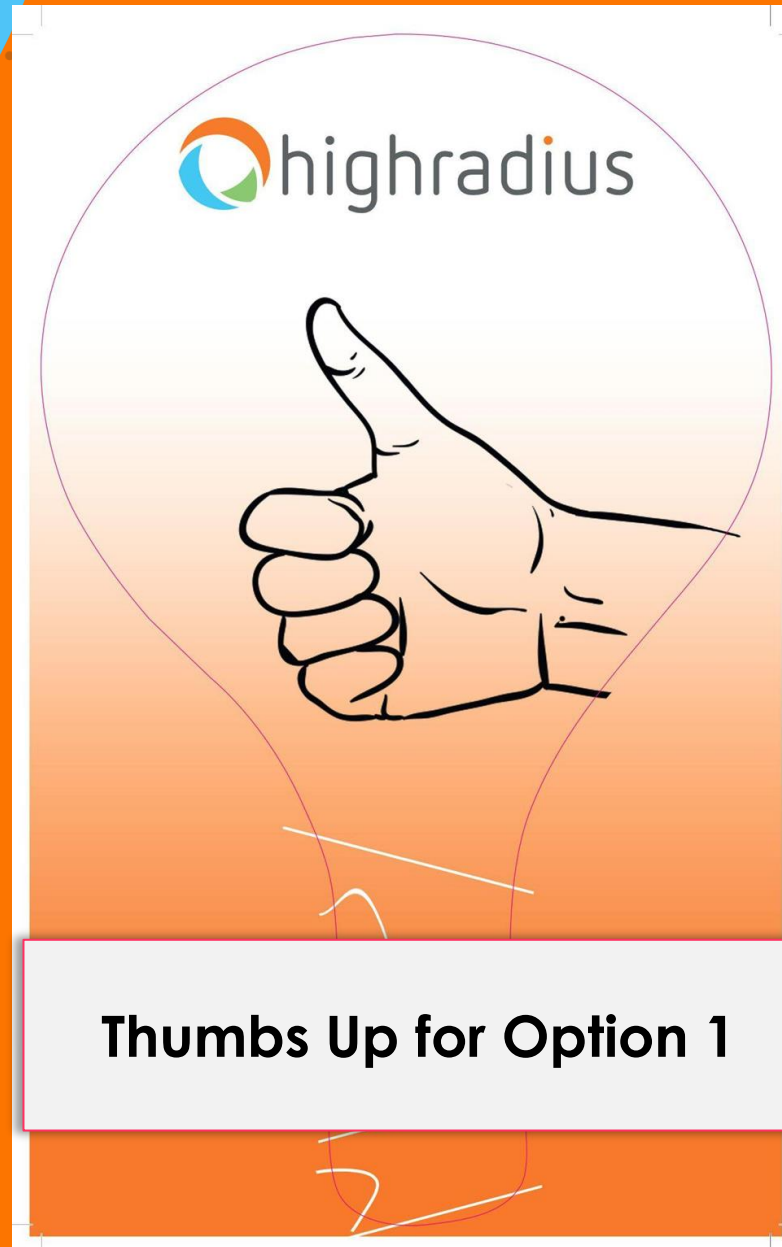
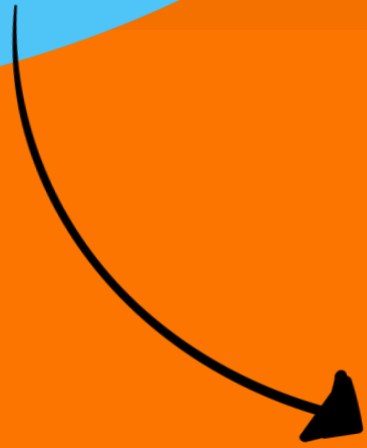


Rob Bullen

Head of Global Order to Cash



How Do I Cast My Vote During the Presentation?



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Our Business Areas



Employees 2020



Sales 2020

Crop Science



33,064



€18,840 million

// Innovative chemical & biological crop protection, seeds & traits, digital technologies & services

Pharmaceuticals



39,206



€17,243 million

// Prescription products for cardiology, women's health care, oncology, hematology, ophthalmology, radiology and other areas

Consumer Health



10,570

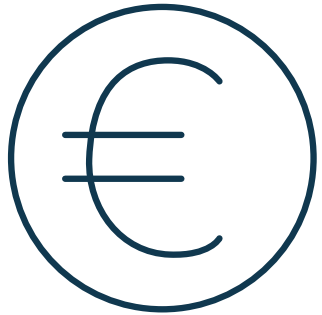


€5,054 million

// Nonprescription medicines in the categories of dermatology, nutritional supplements, pain, cardiovascular risk prevention, digestive health, allergy, and cough & cold



Bayer Group Key Data



Full-Year Sales

€**41.4** Billion



Employees

99,538



Investment in
research
& development

€**4.9** Billion

(before special items)



In **83** countries we reach
more than one billion people
with our products and services.

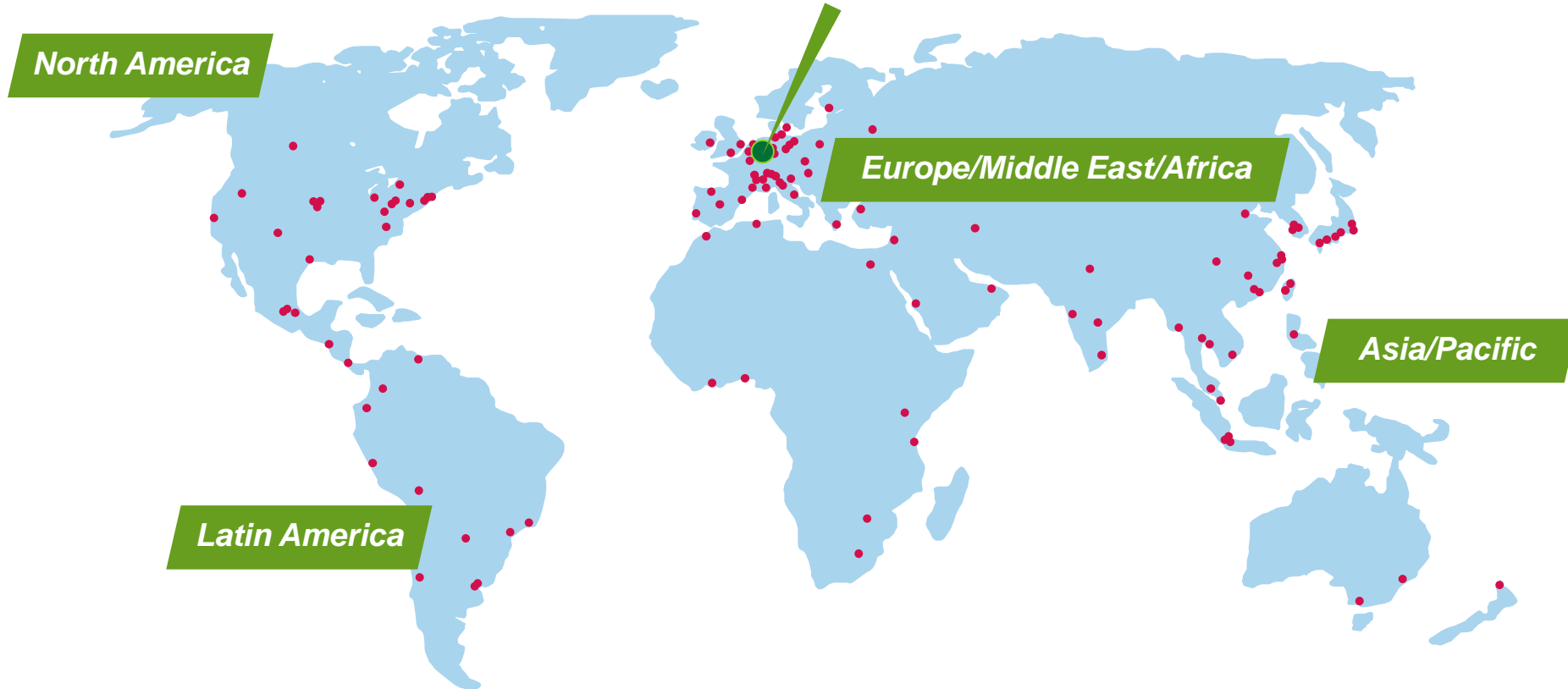
As of December 31, 2020; employees in full-time equivalents



Our Global Scope



The Bayer Group is a global enterprise with companies in 90 countries.





O2C Overview | O2C in Number CH/PH

Our O2C team consists of

**1,000
people**



Our O2C colleagues operate
in **60 countries** and
**7 Operational Shared
Service Centres**



We support over
**152,000
customers**



We evaluate
and release
over **280,000**
credit blocks
annually

We generate
**2,900,000
invoices
per year ...**



...which placed
end to end
would span the
length of
Germany North
to South
(876 km)



We collect
2,351,515
customer payments
annually



We process over

16,000,000
order lines per year



We collect over

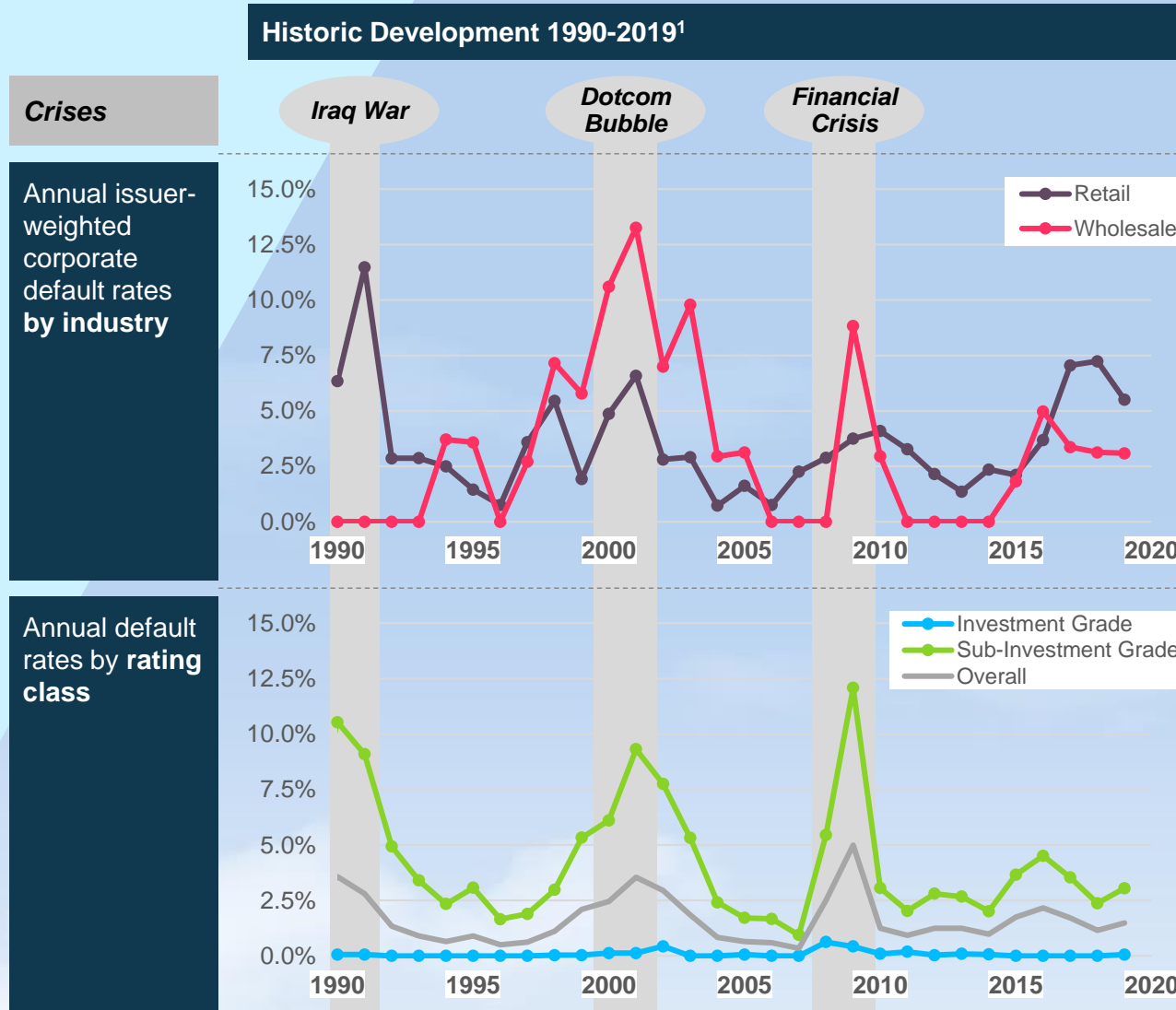
€22Bn in cash

DSO:
CH 67 days
PH 75 days



A stack of notes
high enough to
go 6 x further
than the
International
Space Station

Our Original Prediction– High Risk that Overdues and Bad Debt would Double Due to COVID

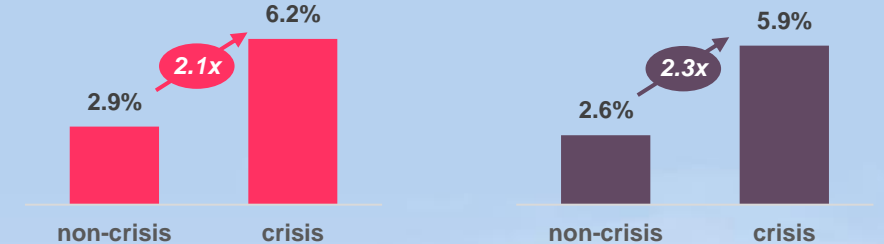


Default rates during crises vs non-crises

// Previous crises served as precedent to assess potential impacts of COVID

// Annual default increased 2.1x (2.3x) for retail (wholesale) during times of financial/economic distress

// Historic default rates as indicator for future bad debt development due to COVID



// Effect of increasing defaults rates is moderately more pronounced for sub-investment grade (2.6x) vs investment grade companies (2.2x)

// Depending on customer credits, effects outlined above could be bigger (up to factor 1.2x if all customers are sub-IG)





Receivable Operations During COVID

Challenges that we faced

- **Uncertain Economy**
 - Continuously changing market dynamics in the early months
- **Volatile Customer Behavior:**
 - Delayed Payments and Pushback strategies
 - Risk of bankruptcies
 - Increased expectations for suppliers
- **Remote Workforce Enablement**
 - Had to mobilise resources globally to work from home
 - Performance tracking & reporting in a remote environment



Our Action Plan to Tackle Said Challenges

Challenges that we faced

- **Focused Strategies For Risk Mitigation and Past Due Collections**
 - Real-time customer credit risk monitoring
 - Updating collections strategies based on the changing credit data
- **Order-To-Cash Automation**
 - Increased productivity across B2C processes
 - Better customer experience
 - Optimized Working Capital and Cash Flow
- **Use of Collaborative tools**
 - To operate seamlessly in a remote work environment



Our Bill-to-Cash Team Intends to Have a Successful 2022

And below are the three initiatives that we are investing in to make that happen

1

Bring customer-
centricity to the
forefront in the B2C
department

2

Expand our
automation capabilities
within order to cash

3

Optimize our
Receivables
Management

1

Bring Customer Centricity to the Forefront in the B2C Department



Poll Question

**Is Customer Experience a top priority
within your O2C Department?**

1. Yes
2. No



Why O2C Leaders Must Be Thinking About Customer Experience

1

Customer and Consumers have a choice

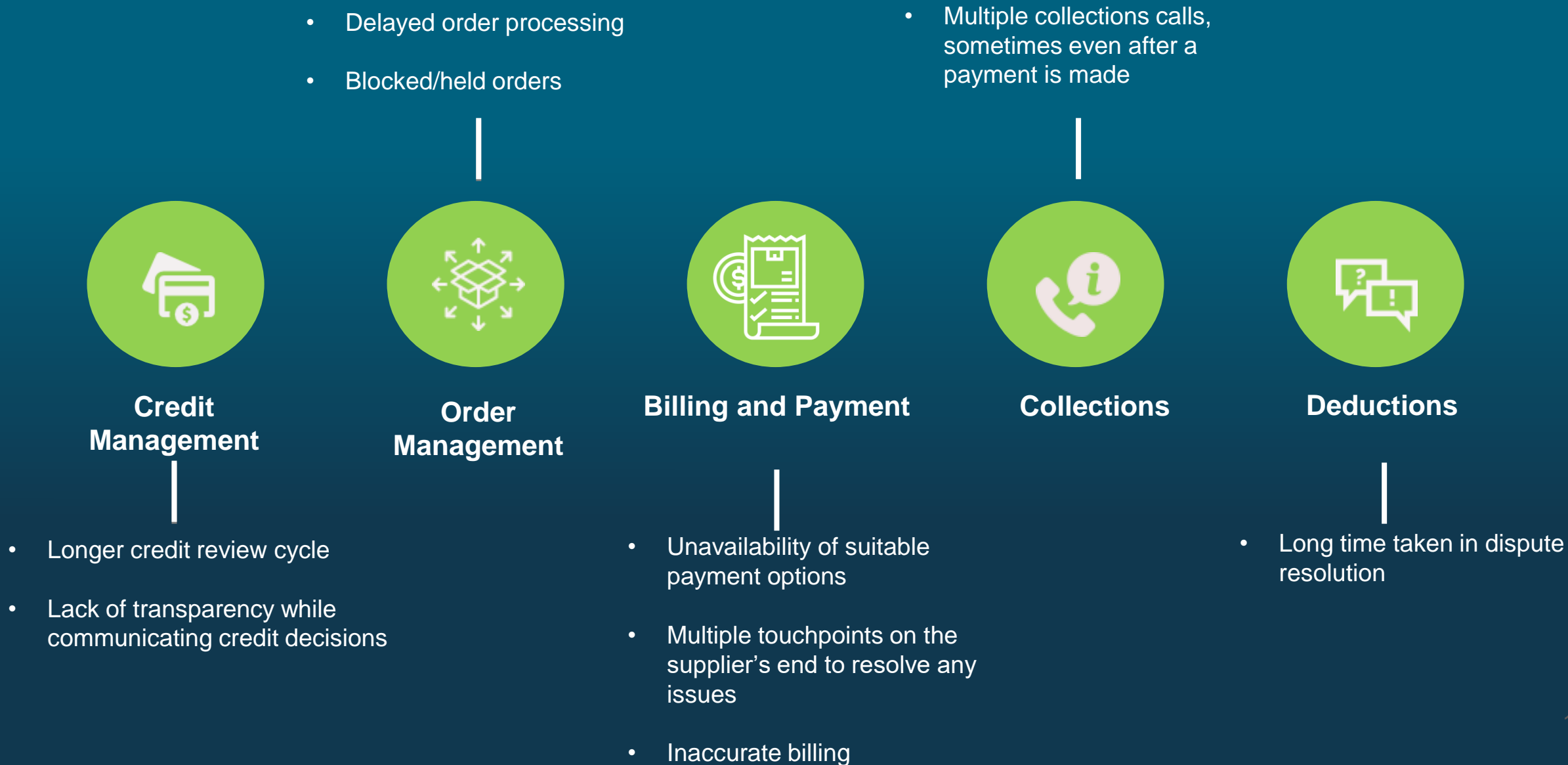
Buyers have a lot of alternatives to move on to, only after one poor experience with a supplier

2

Customer Experience is seldom talked about

For most finance and B2C teams, their KPIs tie with cash and collections, while customer experience is rarely seen as a priority

Some Examples of Poor Customer Experience in Order To Cash





Improving Customer Experience at Bayer: Key Initiatives

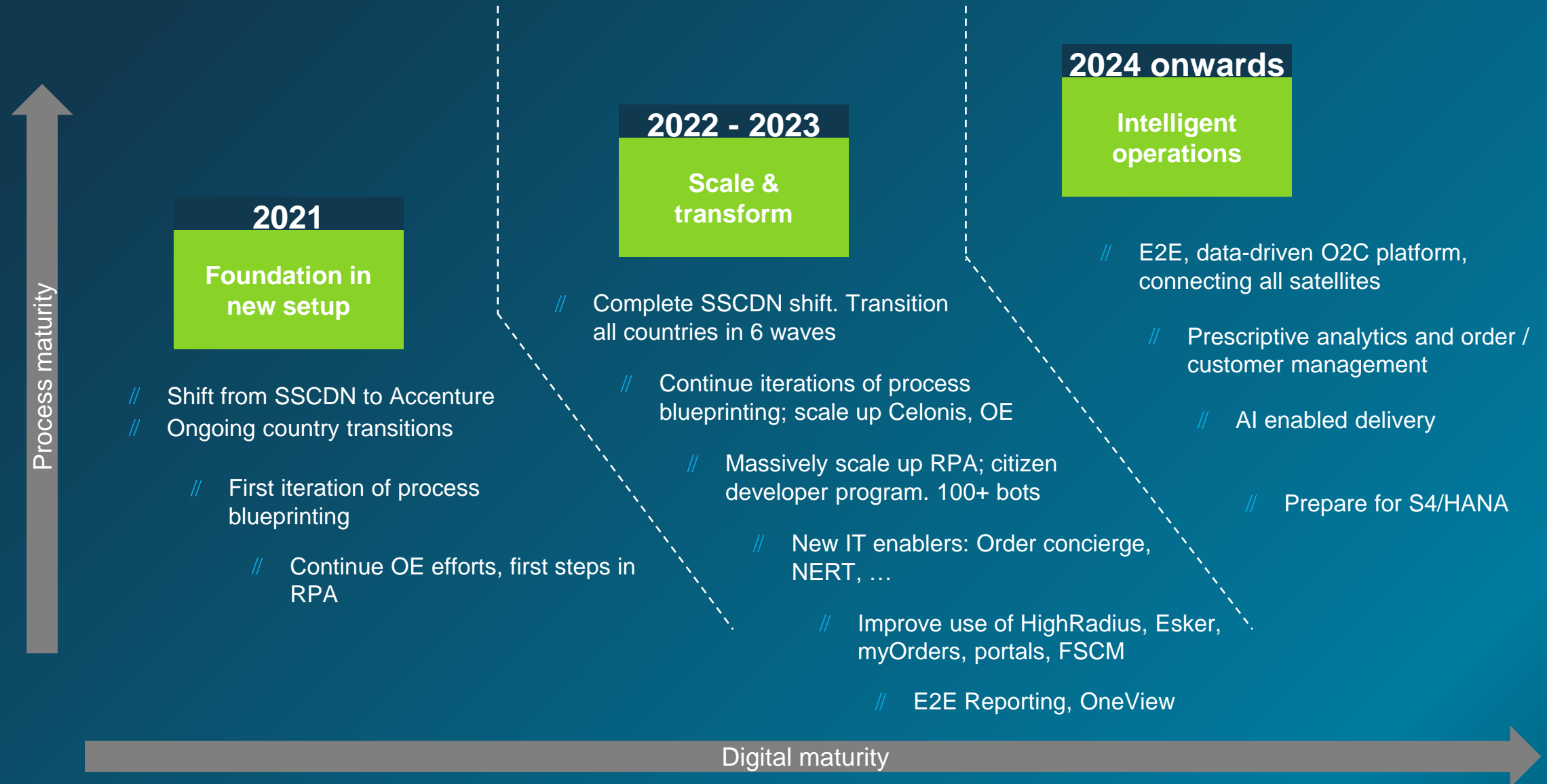
- 1 Ensure voice of the customer is available through surveys and feedback
- 2 Redefine KPIs for order to cash and finance teams to ensure that customer experience ranks higher in their order of priority
- 3 Facilitate customer understanding training O2C teams
- 4 Leverage the power of automation for improved accuracy and frictionless customer experience

2

Expand our Automation Capabilities Within Order to Cash

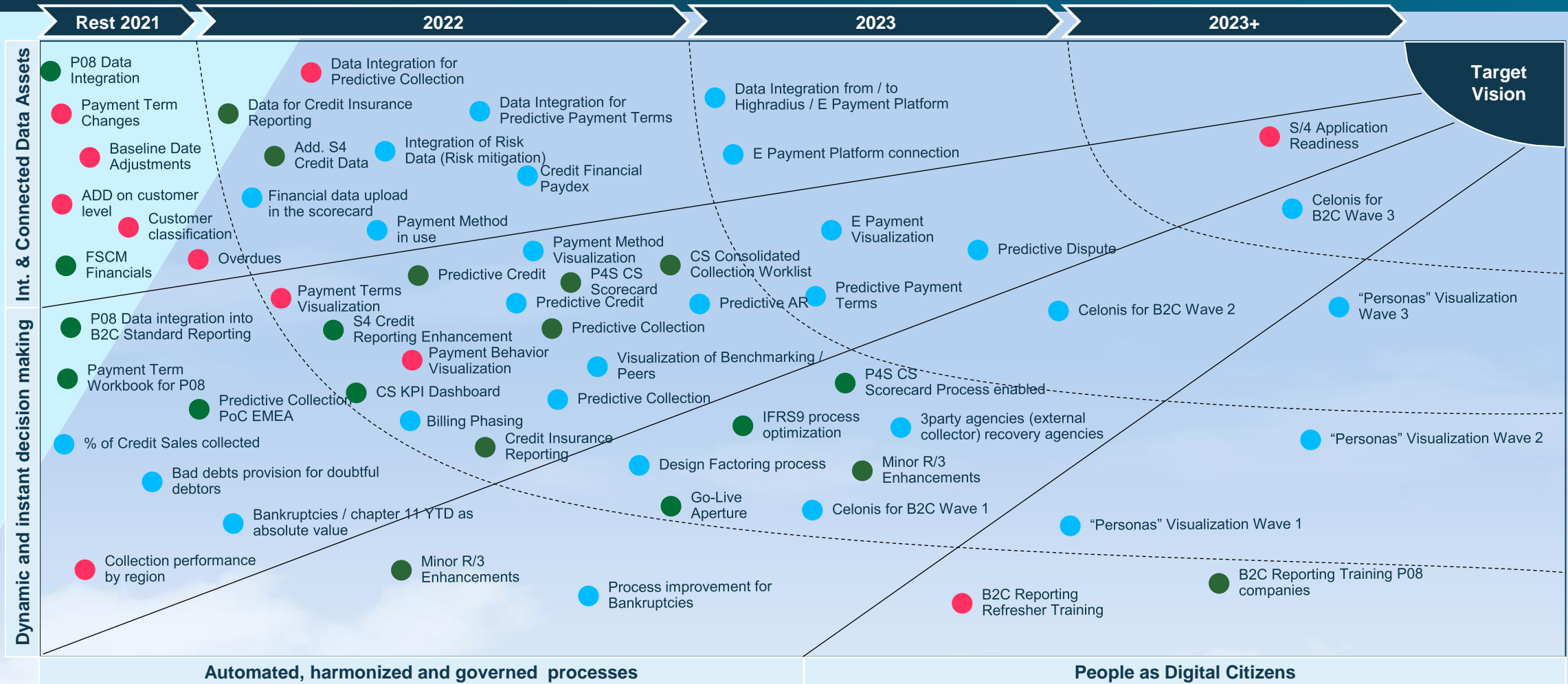


In Closing 2021, We're On Track With Our Multi-Year Roadmap





In B2C, the Digital Roadmap is Laid Out For the Coming Years...





Overview of Our Journey With HighRadius

Cash Application Automation At Bayer

12 countries went live in **2018**

Feb 2018



Australia
(Pilot)

Aug 2018



France



Italy



Portugal



Spain

Nov 2018



Belgium



Ireland



Netherlands



Puerto Rico



UK



USA

Dec 2018



Canada

While **51 Countries** went live in **2019**

Apr 2019



Austria



Czech
Republic



Denmark



Finland



Germany



Hungary



Norway



Poland



Slovakia



Sweden



Switzerland



Turkey

July 2019



China



Hong Kong



India



Indonesia



Japan



Malaysia



New Zealand



Pakistan



Philippines



Singapore



S. Korea



Taiwan



Thailand



Vietnam



Greece



Bulgaria



Croatia



Romania



Serbia



Slovenia

Nov 2019



Bolivia



Chile



Colombia



Costa Rica



Dominican
Republic



Ecuador



El Salvador



Guatemala



Honduras



Kazakhstan



Nicaragua



Panama



Paraguay



Peru



Russia



Saudi
Arabia



UAE



Uruguay



Egypt



Where We Are Today

3

ERP Systems
Connected

63

Countries
Covered

900k+

Payments
Processed

85+%

Hit Rate
Achieved

3

Optimize Our Receivables Management

Especially today, when cash is more important than ever



Poll Question

Are you seeing a change in your leadership's outlook towards O2C given COVID and the associated cash crisis?

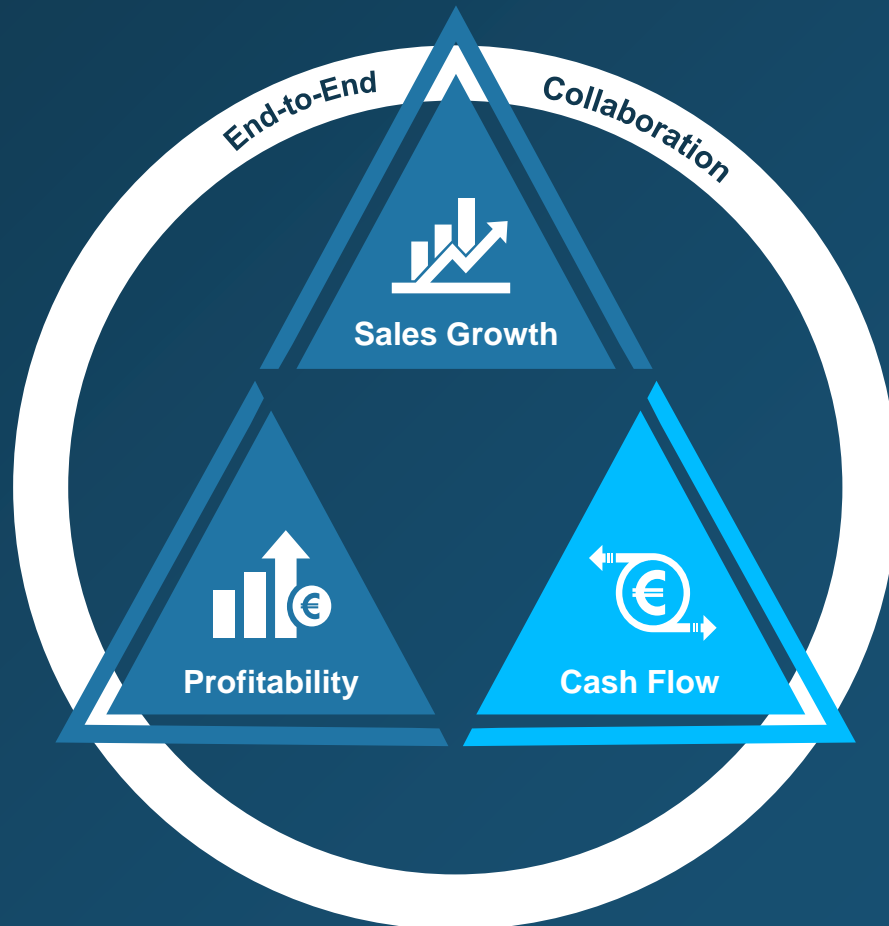
1. Yes
2. No



Cash flow essential for CH's financial health, growth, value

Cash Productivity Culture – Narrative rationale

Cash to be elevated to equal priority with Sales and Profit!



Why cash matters to us



Cash enables us to grow!

It funds investments directly into our existing CH business (e.g., digitalization) or outside acquisitions (M&A, licensing)



Cash drives trust in our company!

It's needed to enhance our credit rating and gives access to additional external funding

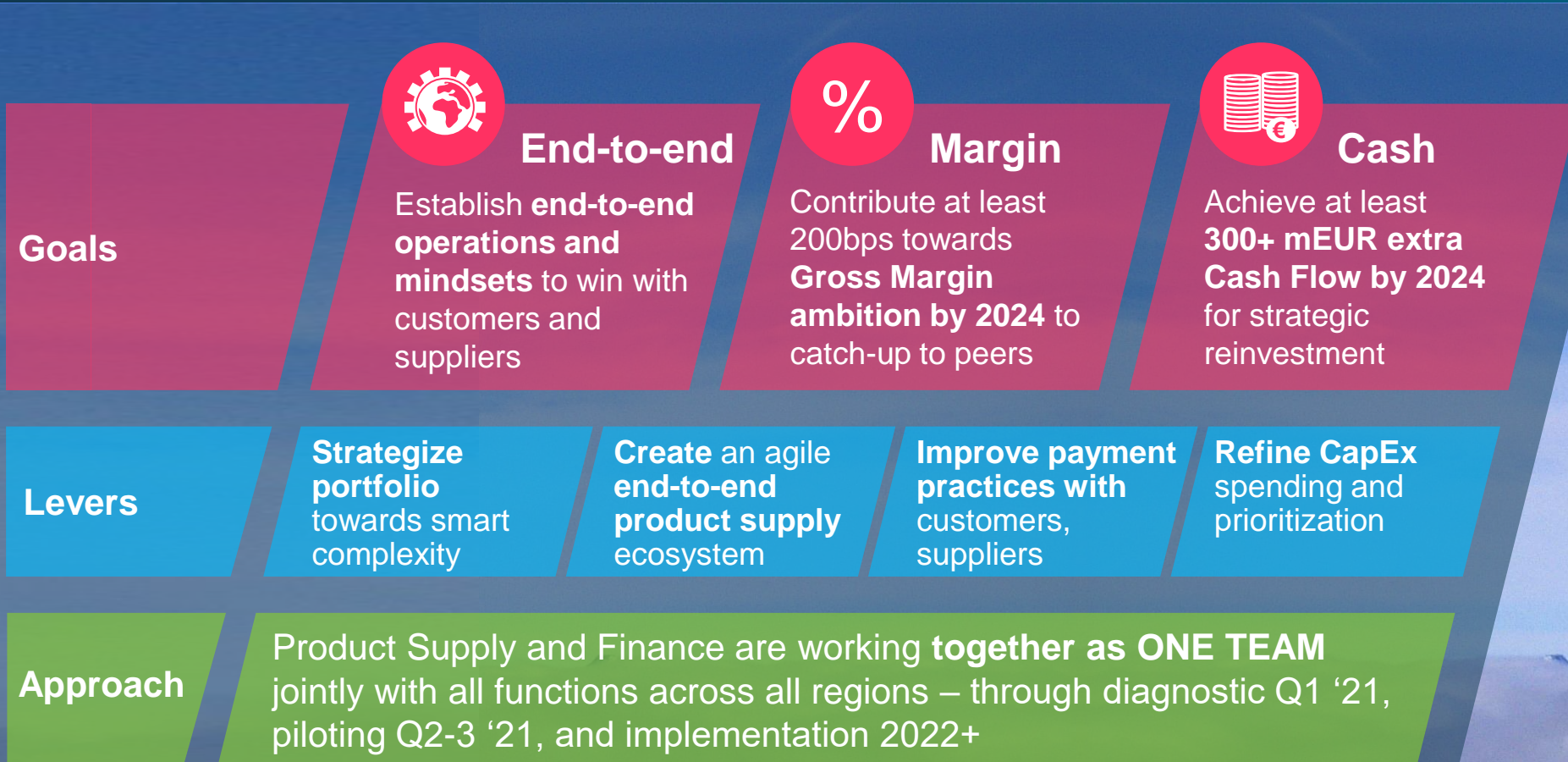


Cash determines our company valuation!

That's how we create value for us and our shareholders, e.g., by paying dividends



LIFT Will Help us Become the BEST by Freeing up Cash for Strategic Reinvestment





Summary: 3 Initiatives To Future-Proof your B2C in 2022

1

Bring customer
centricity to the
forefront in the B2C
department

2

Expand our
automation capabilities
within order to cash

3

Optimize Our
Receivables
Management



Q&A





Food For Thought

- Moving into 2022, what should be everyone's top expectation from their finance transformation vendor/partner?
- Bayer's cash application story of implementation across 60+ countries is really impressive. What were some challenges that you faced in making that happen, and how did you tackle those?
- Can all A/R staff work from home in the long run (if supported with the right automation tools), or are there some functions that have to be in the office, no matter what? If there are, how should employers convey this to potential employees, in a world where talent is looking for more flexibility?
- Does a big-bang approach to automation (multiple solutions being deployed/ same solution being deployed across multiple geographies) actually work, or is it way too complex and one must instead stick to deploying one solution in one geography at a time?

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NEXT SESSION

Speaking Session

Demo Stations and Happy Hour @ Lower Deck

*Network with your peers and visit HighRadius
Demo Stations*

16:00 GMT