



Google's Early Payment Program

Dynamic Discounting FAQs

What is dynamic discounting?

Dynamic Discounting delivers faster invoice payment in exchange for an agreed upon discount deducted from the gross invoice.

How is dynamic discounting different from traditional discounting?

Traditional discounting typically requires early payment terms to be included on contracts and uses static terms. Dynamic discounting allows suppliers to opt in to new payment terms using Ariba and can leverage a sliding scale to allow for dynamic terms where the discount amount adjusts according to the payment date.

How should I read an early payment discount term?

A common early payment term is 2% 15 NET 45. This term means that Google will take a 2% discount if the invoice is paid early in 15 days. Otherwise, Google pays the full amount in 45 days (Google's standard payment terms).

- **Traditional Discounting:** Because this involves static terms, if we're unable to make the payment before day 15 (e.g. invoice is not approved in time), we miss the opportunity to take a discount.
- **Dynamic Discounting:** Using sliding scale functionality, even if we miss the initial early payment date, the discount will be prorated depending on the final payment date. [Example](#): if the invoice is approved after the initial 15 days but before the 45th day deadline, say, on the 20th day, the discount will change proportionally; in this example, to 1.66%.

How will Google implement dynamic discounting?

Google will implement two types of dynamic discounts:

- **Standing Discounts:** Supplier opts in once via Ariba and the offer applies to every subsequent, approved invoice on standard terms. Details on how to accept standing offers can be found on the [portal](#) (select "Guide on Standing Early Payment Offers"). Standing offers will be offered initially.
- **Ad Hoc Discounts:** Supplier opts in on an invoice-by-invoice basis and selects their desired payment date and associated discount. Details on how to accept ad hoc offers can be found on the [portal](#) (select "Guide on Ad Hoc (Buyer-Initiated) Early Payment

Offers”). Ad hoc offers will be offered if a supplier does not accept the standing offer.

As a supplier, what are the benefits I can expect?

Benefits to suppliers include:

1. *Accelerated Cash Flow*: Participating suppliers can accelerate turning receivables to cash
2. *Control Over Payment Timing*: Participating suppliers have the opportunity to request automatic early payment on all invoices upon full approval to pay or ASAP payment on individual invoices as cash flow needs dictate

What rate will Google offer?

For Ad hoc offers, Google will offer suppliers a 2% 15 NET 45 for invoices on standard terms. However, the most up-to-date offer will always be available on the supplier’s Ariba Account.

Why NET 45 days? Aren’t Google’s standard terms 30 days?

Google’s standard terms are 30 *business* days which equates to 45 calendar days.

I have some contract-based invoices which are on non-standard terms. Will these be affected by Dynamic Discounting?

Supplier invoices which are already being paid earlier than standard terms will not be affected nor will they be eligible to be incorporated into dynamic discounting.

How do I accept a discount offer?

Suppliers accept a standing discount offer as a one-time selection in their Ariba profile. Suppliers accept ad hoc discount offers by logging into their Ariba profile and selecting specific invoices for which to accept a discount. If a supplier does not accept a standing discount offer initially, Google will give them the option to accept an ad hoc offer. Both offers will remain available on the supplier’s Ariba portal to accept at a later time. See the [portal](#) for guides and videos on how to accept.

How do I get access to opt in to early payment offers?

See this quick [video](#) to learn how to add users on your Ariba Supplier Network.

How do I opt out of a discount offer?

If a supplier who has opted into a standing discount offer would like to opt out at a later time, they will need to follow the same steps they took to accept in their Ariba Account by unchecking the offer. For ad hoc offers, there is no need to opt out. If the supplier does not accept an early payment date on an eligible invoice, then no discount will be applied.

What happens if I choose not to review or accept an Early Payment offer?

Nothing. If a supplier does not review or chooses not to take action on an early payment offer, whether standing or ad hoc, invoices will be paid according to each invoice’s net terms.

Do we need to renegotiate contracts to implement dynamic discounting?

Contracts do not need to be renegotiated due to the opt-in nature of dynamic discounting offers. By opting in, suppliers are agreeing to the new terms and conditions and authorizing that they have the authority to do so.

Which of my invoices are eligible for dynamic discounting?

The requirements for the early payment program are as follows:

- The supplier must have a standard or enterprise Ariba Account
- The supplier's Ariba Account must be linked with Google's Ariba Account (i.e. PO must have been sent and received by the supplier since October 28, 2019)
- The supplier must be invoicing Google in USD currency.
- The invoice must be on standard terms (NET 30 business days or NET 45 calendar days)

I have more questions - where do I go next?

Please email us at earlypayment@google.com and we will get back to you as soon as possible!