

5th Annual Dispute Overview by French business mediation bureau & Sidetrade

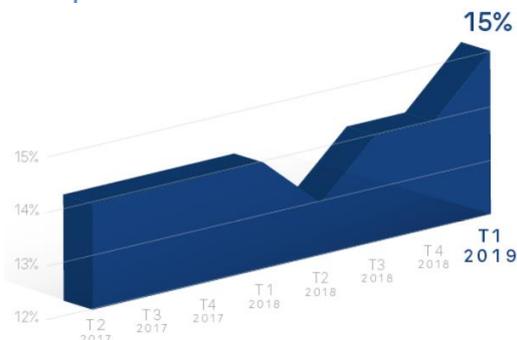
Deterioration in payment behavior seen in France

The *Assises et prix des délais de paiement* is an annual conference held in France on collection period. For the 6th annual *Assises*, Pierre Pelouzet, the business mediator (French national mediation bureau), and Olivier Novasque, CEO of Sidetrade (a leading AI developer), present a survey of disputed SMB invoices resulting in late payment. Although the trend seemed to be improving over the previous four years, two KPIs suggest deterioration in 2019: the rate of disputed invoices rose 2 points against 2018, and it took four days longer to settle disputes.

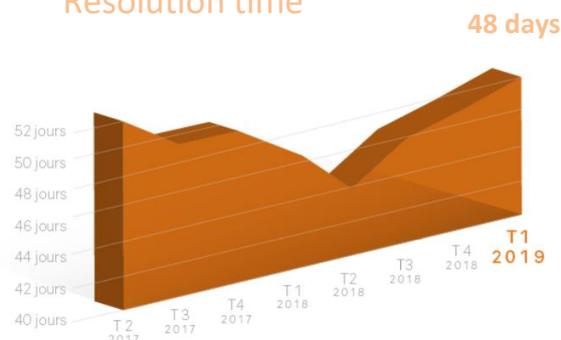
Increase in incidents related to disputed invoices

French accounts receivable have been worsening since November 2018, with an increase in incidents due to disputed invoices. In fact, for the 2.8 million invoices analyzed, the dispute rate is **up two points** from the previous measurement, and **now stands at 15%**.

Dispute rate



Resolution time



Disputes take longer to solve

At the same time, **dispute resolution now takes four days longer: 48 days** vs 44 days in the previous year. This can be explained by the complexity of payment procedures at big companies, the difficulty SMBs have anticipating this complexity, and the fact that they do not know how to deal with it when incidents arise.

Pierre Pelouzet, business mediator with the French government, said: "The survey of disputed invoices that we are presenting today shows worsening payment behavior in France. This is corroborated by data recently published by the *Observatoire des délais de paiement* (the French observatory of mean collection periods). These indicators suggest we must double down on our efforts to educate companies on the economic importance of improving customer-supplier relations. We hope the survey will raise awareness of the problem and lead to a virtuous cycle where customers and suppliers co-build a more balanced ecosystem."

Trends observed across sectors

Just about every industry has been hit by a higher dispute rate. For example, the dispute rate in manufacturing, one of the top performing sectors, went up 2 points in 2019 (11% vs 9% in the previous year). As for dispute resolution time, this was four days longer (34 vs 30 days last year).

Dispute rate analysis



Finally, it is interesting to see that, despite a general deterioration in this fifth edition, **certain sectors have maintained the performance level seen in past years.**

Time required to settle disputes



Olivier Novasque, CEO of Sidetrade, notes: "This latest survey should once again serve as a warning to executives to pay attention to their customer-supplier relations. We are faced with a well-known reality in B2B: getting paid on time, according to pre-negotiated terms, takes nothing short of a miracle. Paradoxically, very few businesses have a real procedure for settling disputes, whether commercial, technical logistical or administrative.

We see it every day: top-performing companies are very good at managing disputes, since beyond the financial impact, they want to maintain the quality of the customer relationship. When a big part of your income risks getting held up by disputes, it's crucial to be proactive. You need to plan payment reminders well before the actual due date. You need to anticipate potential problems long before they actually occur. The financial stakes are enormous, especially for SMBs, for whom cash flow is literally vital."

Overview

Sample

Over 9,000 French customer companies representing 91% of large corporations and organizations with 250 to 5,000 employees. The data analyzed covers over **2.8 million invoices** totaling **€12bn**.

Methodology

The input for the analysis comes from **Sidetrade's artificial intelligence platform**, enriched with:

- machine learning algorithms designed specifically to maximize the representativeness of the analysis;
- open data from the [French Institute of Statistics and Economic Studies](#) to focus on small and medium businesses on the supplier side, and on large corporations on the customer side.

Frequency

Each indicator is updated from the last six months' data. The Médiateur des entreprises-Sidetrade survey is updated quarterly.

Reference period

June 2018 to March 2019

About Sidetrade (www.sidetrade.com)

Sidetrade (Euronext Growth: ALBFR.PA) facilitates growth by laying the cornerstones of the customer journey: prospecting, development, loyalty and satisfaction. Integrated with your CRM and your ERP, Sidetrade's revolutionary AI system called Aimie reveals unseen factors that can generate leads, drive sales, improve cashflow and shorten payment time. Over 1,500 businesses in 80 countries use Sidetrade technology to give their Marketing, Sales and Finance teams a competitive edge. For further information, visit us at www.sidetrade.com follow us on Twitter @Sidetrade.

About the Médiateur des entreprises

Le Médiateur des entreprises (French national mediation bureau) operates under the auspices of the French Ministry of Economy and Finance to help businesses and public organizations settle disputes through arbitration. The bureau's services are free of charge. Broadly speaking, the bureau's mission is to improve payment behavior and establish more balanced customer-supplier relations in the interests of the French economy. They also promote innovation. For further information, visit www.mediateur-des-entreprises.fr.

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