



Visa Commercial Client Case Study

Technology Industry

Procure-to-Pay and Commercial Card Program Optimization

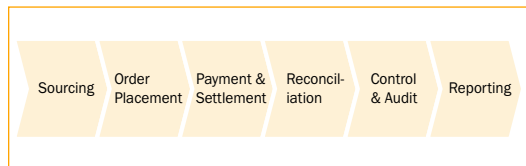
Helping companies improve performance and maximize benefits from their Visa Commercial card program

Visa and its Issuing Banks (Issuers) have launched a new program designed to identify opportunities for clients to improve Procure-to-Pay operations and increase savings through their card programs. The Optimization Review, which requires minimal time and effort, helps clients benchmark their Procure-to-Pay process against best practices¹, identify opportunities to realize both hard- and soft-dollar savings from process efficiencies, and explore Visa® Commercial card program expansion tactics.

A Visa Optimization Review Success Story

A U.S. Technology company – and Visa commercial card client – was exploring card program expansion options to reduce processing costs and increase efficiency across its entire Procure-to-Pay process. Their Visa Issuer introduced them to Visa’s Procure-to-Pay and Commercial Card Program Optimization Review.

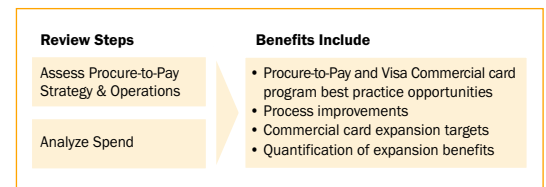
Procure-to-Pay Process Scope



The Optimization Review utilizes analytical tools designed to help companies identify, benchmark, and improve their Procure-to-Pay practices. These tools help define a plan and financial impact estimate for the expansion of Visa Commercial card programs.

The Issuer and Visa analyzed payment data and formulated recommendations

To help the U.S. Technology company identify cost reduction opportunities and increase benefits from the Visa Commercial card program, the Issuer performed an Optimization Review utilizing Visa’s Procure-to-Pay Performance Gauge and Accounts Payable Analysis Tool.



The Procure-to-Pay Performance Gauge

This tool is designed to assist a company in understanding how to improve its current Procure-to-Pay processes and technology. A customized diagnostic report is developed that rates the company’s practices against a baseline of best practice metrics and processes and identifies areas for improvement. In addition, specific best practices are identified and recommended to help improve work efficiencies and reduce operating costs.

The Accounts Payable Analysis Tool

This tool helps companies analyze their spend patterns and develop both strategic and tactical commercial card program implementation or expansion plans organized by commodity, business unit and supplier. Additionally, the built-in ROI calculator estimates the financial benefits they can realize through the card program. Companies can set program goals over a three-year time frame for the Visa Commercial card program expansion.

See reverse for a detailed account of how this Technology company, working with its Issuer and Visa, was able to identify over \$98,000 in additional cost savings and plan to grow its Visa Commercial card program from \$5.2MM to \$22.7MM.



¹Visa commissioned Deloitte to conduct a study of over 52 large corporate and mid-sized companies considered to have leading Procure-to-Pay practices. 60 best practices were developed that span the entire Procure-to-Pay process, including administration and use of a Visa Commercial card program.



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The card expansion plan can **increased annual card volume from 6 percent to 26 percent of non-payroll spend, and saved \$98,000 in processing costs.**

Program Optimization Background

To identify card program expansion opportunities, the client's Issuer and Visa collaborated to conduct the following Optimization Review:

- A review of non-payroll Accounts Payable data to provide a focused list of expansion opportunities
- An evaluation of existing card performance to benchmark the card program against best practice companies of similar revenue size
- An identification of best practices to reveal opportunities to enhance card program performance

Current Situation

The following highlights the current card program:

- Program in place for five years
- Annual card spend of \$5.2MM, representing 6 percent of non-payroll spend
- Average transaction size of \$1,075
- Annual savings of over \$40,000 with an average savings per card transaction of \$9

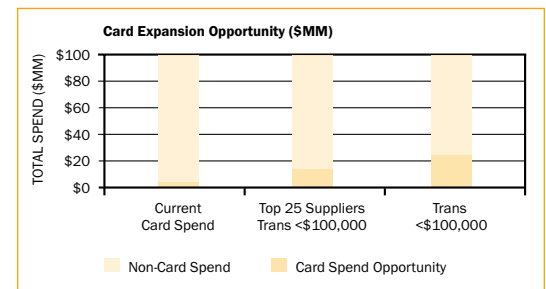
Actionable Recommendations

Commercial card program expansion opportunities were identified during the Optimization Review:

- A Visa Commercial card expansion plan was developed to identify a \$17.5MM card expansion opportunity
- Over 11,000 check payments were identified to move \$17.5MM spend to the card, saving over \$98,000 in processing costs at an average savings of \$9 per transaction
- Based on the expansion recommendation, the average transaction size would increase from \$1,075 to \$1,400

Additionally, card process best practices were recommended that, once implemented, could reduce processing costs and streamline internal processes:

- Mandating purchasing card compliance through a refresher training course, specifically highlighting card use for all purchases less than \$1,000, specific suppliers, and spend types
- Reaching out to business unit leaders to present analyses of where expansion opportunities exist in terms of number of cardholders and who they are
- Use of Electronic Invoicing with key suppliers further to automate the payment process
- Incorporating purchasing card acceptance into every appropriate supplier contract, and encouraging card acceptance for 100 percent of transactions for specifically targeted suppliers
- Exploring options to improve sourcing tactics through consolidation of suppliers



Want to learn more?

The Visa Program Optimization Review may bring similar benefits to your company. For more information, or to request related materials and tools, please contact your financial institution today.

