



Visa Commercial Client Case Study

Food & Beverage Industry

Procure-to-Pay and Commercial Card Program Optimization

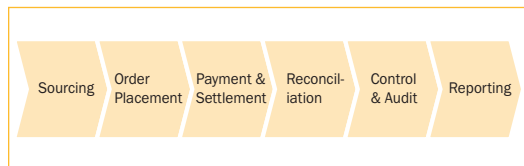
Helping companies improve performance and maximize benefits from their Visa Commercial card program

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. Food & Beverage 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.

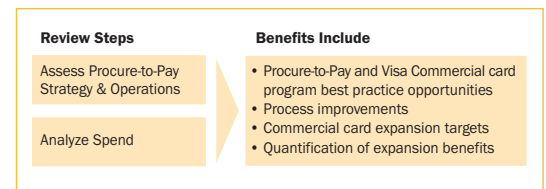
Procure-to-Pay Process Scope



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. Food & Beverage 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 Food & Beverage company, working with its Issuer and Visa, was able to identify over \$3.8MM in additional cost savings and plans to grow its Visa Commercial card program from \$20.1MM to \$275.5MM.



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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By expanding their card program from 2 percent to 27 percent of non-payroll spend, this company can save up to \$3.8MM 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 seven years
- Annual card spend of \$20.1MM, representing 2 percent of non-payroll spend
- Average transaction size of \$180
- Annual savings of \$1.7MM with an average savings per card transaction of \$15

Actionable Recommendations

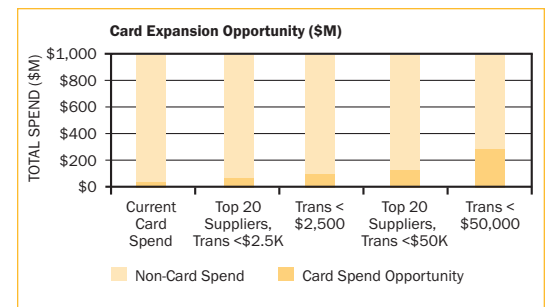
Commercial card program expansion opportunities were identified during the Optimization Review:

- A Visa Commercial card expansion plan was developed to identify a \$255MM card expansion opportunity
- 255,000 check payments less than \$50,000 were identified to be moved to the card to save an average of \$15 per transaction, yielding process savings of \$3.8MM
- This expansion would increase the annual card volume from 2 percent to 27 percent of non-payroll spend, from 110,000 to 365,000 annualized card transactions

- Based on the expansion recommendation, the average transaction size would increase from \$180 to \$755

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

- Adoption of a comprehensive commercial card training program in order to ensure new cardholders understand card program policies and procedures
- Use of the purchasing card to pay invoices received in Accounts Payable that meet card criteria
- Integration of Visa purchasing card acceptance into preferred vendor contract terms
- Active senior management promotion of and involvement in the Visa Purchasing card program; specifically, reintroduction the practice of sending communications about the purchasing card through the CFO
- Sharing of Visa Purchasing card performance and savings with senior management to promote appropriate use of the card



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.

