



Visa Commercial Client Case Study

Manufacturing Industry

Procure-to-Pay and Commercial Card Program Optimization

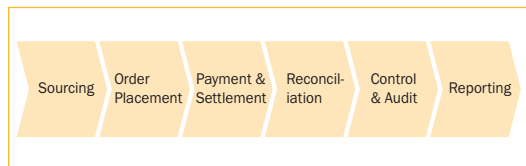
Helping companies improve performance and maximize benefits from their Visa Commercial card program

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. Manufacturing company – and Visa Commercial card client – was exploring options to maximize its card program by analyzing its processing costs and efficiency across its entire Procure-to-Pay process. Its Visa Issuer introduced it to Visa’s Procure-to-Pay and Commercial Card Program Optimization Review.

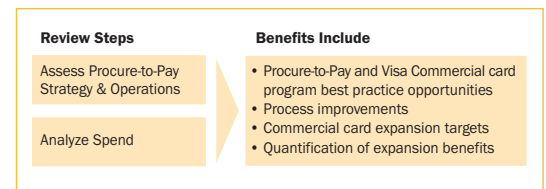
Procure-to-Pay Process Scope



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. Manufacturing 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 Manufacturing company, working with its Issuer and Visa, was able to save over \$100,000 in costs and grow its Visa Commercial card program from under \$1 million to \$14 million.



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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Performance Gauge Key Findings

Visa evaluated the Procure-to-Pay processes of a \$1 billion manufacturing company against a baseline of best practice companies of the same revenue size. Overall, the company scored an advanced adoption of best practices because it possessed an advanced level of adoption in the areas of Procure-to-Pay Foundation, Purchasing Card Program, and Procure-to-Pay Process. Here are a few of this company's best practices:

P2P Foundation:

- Clear Procure-to-Pay strategy
- Senior management support with division annual goals
- Planned expanded use of eProcurement system and further centralization of Procure-to-Pay activities

Purchasing Card Program:

- Central administration
- “Super user” distribution and mandates for cardable transactions

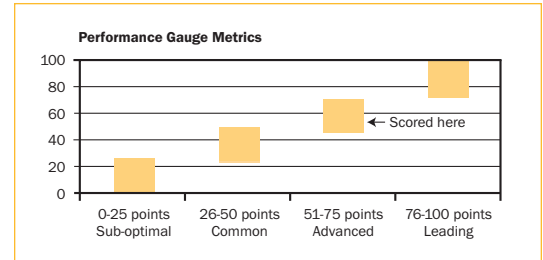
P2P Process:

- Reduction of vendors through strategic sourcing
- Automation of P2P processes including three-way matching

Improvement Opportunities:

Yet, although the company employs many best practices, opportunities still exist to enhance performance for further cost reductions, greater control and process efficiencies.

- Integration of card payment into eProcurement/electronic invoicing system to automate payment to vendors
- Periodic analysis to ensure ongoing commercial card program expansion and compliance to policy
- More formal T&E function to support business travelers



ROI Calculator Key Findings

Visa analysis projects net process efficiency savings of over \$100,000 by Year 3 from expanding the company's Visa Commercial card program.

Current Savings

Number of cardholders	400
Length of card program	1 year
Cost of PO & invoice-based payment	\$16.00
Cost of card purchase & payment	\$11.00
Savings per transaction	\$5.00
Current transactions	4,300
Total current savings of card program	\$21,500

Future Savings

	Total
Number of additional card transactions	16,000
Purchase & payment process savings/invoice	\$5.00
Savings Opportunity	\$80,000
(Number of transactions x PO process savings)	
Current savings	\$21,500
Total savings	\$101,500
(Current savings + savings opportunity)	

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.

