



## Visa Commercial Client Case Study

# Financial Services Industry

## Procure-to-Pay and Commercial Card Program Optimization

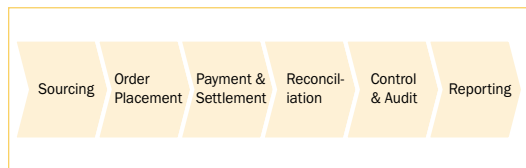
### Helping companies improve performance and maximize benefits from their Visa Commercial card program

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 practices<sup>1</sup>, 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. Financial Services institution – 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.

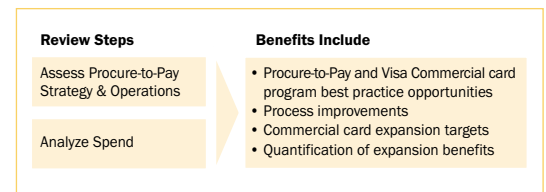
### Procure-to-Pay Process Scope



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. Financial Services institution 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 Financial Services institution, working with its Issuer and Visa, was able to identify over \$350,000 in cost savings and plans to grow its Visa Commercial card program from \$7.9MM to \$14.2MM.**



<sup>1</sup>Visa 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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Over the last eight months, this Financial Services institution's annual card volume has grown 81 percent, from \$7.9MM to over \$14.2MM, with projected savings of over \$350,000 to date.

### Course of Action

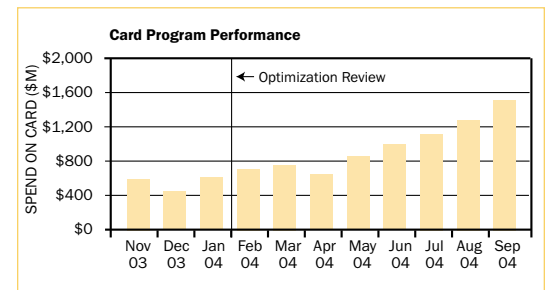
Through an interview with the Financial Services institution and a review of their payment data, the Issuer and Visa collaborated to identify improvement opportunities. The following recommendations were implemented as a result of the Optimization Review:

- A Visa Commercial card expansion plan, organized by supplier, commodity type, and business unit, was adopted to capture spend and realize immediate, hard- and soft-dollar savings
- The Visa Commercial card policy was revised to mandate compliance for eligible purchases through designated commodities and suppliers
- Higher individual transaction limits were established for the procurement of services
- Virtual accounts were established to be used in conjunction with the Financial Services institution's e-Procurement system
- Additional cardholders were identified through an internal analysis to find new candidates appropriate for card issuance
- Stakeholders and senior management, such as the CFO, were educated on the opportunities to further realize the benefits of the Visa Commercial card
- An internal scorecard was implemented to monitor the progress on card program performance by business unit

### Real Results

In the eight months since the Optimization Review, the client has successfully expanded its card program and realized the following benefits:

- The client's annualized card volume has grown 81 percent from \$7.9MM to \$14.2MM
- The annualized number of card transactions has grown 21 percent from 23,600 to 28,500
- The average card transaction size has increased 46 percent from \$340 to \$500
- The client performs ongoing analysis to optimize card distribution; they now have over 600 cardholders
- The average annual spend per cardholder has grown 66 percent from \$14,300 to over \$23,700
- The client has successfully transitioned payments in the services category onto the card program, utilizing ghost cards that have over \$1.3MM in annual spend
- The client has annual projected savings of over \$350,000 in process costs related to check payments at \$71 per transaction



### 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.

