



Visa Commercial Client Case Study

Insurance Industry

Procure-to-Pay and Commercial Card Program Optimization

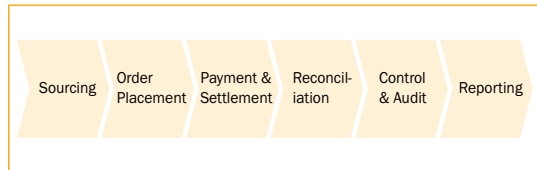
Helping companies improve performance and maximize benefits from their Visa Commercial card program

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. Insurance 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.

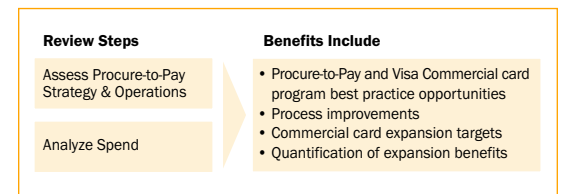
Procure-to-Pay Process Scope



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. Insurance 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 Insurance company, working with its Issuer and Visa, was able to identify over \$12.1MM in cost savings and plans to move \$76.8MM of company spend to the Visa Commercial card program.



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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Over 175,000 transactions can be moved to the card program to save over \$12.1MM in process savings.

Program Optimization Background

To identify card program expansion opportunities, the Insurance Industry company'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 savings opportunities
- An evaluation of existing commercial card performance against benchmarks of best practice companies of similar revenue size
- An identification of best practices to improve the client's commercial card process

Current Situation

- Planning an expansion of the current commercial card pilot program
- \$739MM annual, non-payroll spend
- 59 percent of annual spend is paid by check to Visa card-accepting suppliers
- Average check payment size is \$2,090

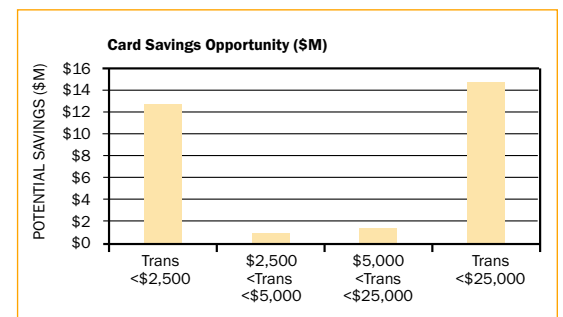
Actionable Recommendations

Commercial card program opportunities were identified during the Optimization Review:

- A commercial card expansion plan was developed to identify a \$76.8MM card expansion opportunity to capture transactions less than \$2,500
- 175,200 check payments were targeted to be moved onto the card program to save an average of \$69 per transaction, resulting in savings of over \$12.1MM
- Based on the expansion recommendation, the average transaction size for card payments would increase by 69 percent from \$260 to \$440

Additionally, Procure-to-Pay best practices were recommended that, once implemented, could further reduce processing costs and streamline internal processes:

- Integrate the commercial card program with the client's tax function in order to support the reporting and payment of sales and use tax obligations
- Train existing cardholders and develop an effective training program that propagates card use policies
- Appoint a central point of contact for the commercial card program whose primary responsibility is to manage and grow the program
- Share card performance and savings reports with senior management to encourage their active participation
- Hold periodic reviews of the card program in order to continually identify opportunities for expansion



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.

