Program Optimization

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Agenda

• 2014 RPMG Purchasing Card Benchmark Key Statistics
• Program Optimization Overview
• Getting Started
% of Policy Tier Transactions Placed on Card

- <$2500: 53%
- $2500 - $10,000: 32%
- $10,000 - $100,000: 13%

Source: 2014 Purchasing Card Benchmark Survey RPMG Research
Average Transaction Size

Goods Placed On Cards

- Office Equipment and Supplies: 92%
- Operating Goods and Supplies: 91%
- Computer/Mobile Hardware/Software: 87%
- Construction Materials and Capital Assets: 41%
- Other MRO Goods: 40%
- Inventory: 38%

Source: 2014 Purchasing Card Benchmark Survey RPMG Research
Services Placed On Cards

- Education and Training: 84%
- Business Services: 81%
- Contractual Repair and Maintenance: 65%
- Transportation and Delivery: 60%
- Professional Services: 47%
- Utilities: 44%
- Other Services: 37%

Source: 2014 Purchasing Card Benchmark Survey RPMG Research
EAP/Ghost Account Adoption

- Average Transaction Size $4,842 (survey wide)
- Little to no impact on traditional purchasing card

Source: 2014 Purchasing Card Benchmark Survey RPMG Research
EAP Adoption (Virtual Payments)

Commodities Expansion

- Inventory
- Construction
- Capital Assets
- Repairs and Maintenance
- Professional Support
- Utilities

Source: 2014 Purchasing Card Benchmark Survey RPMG Research
EAP (Payment Plus) Considerations

- Systems modification cost/supplier training
- Potential EAP eligible spend vs. added value
- Ability to use ghost card as alternative
- Need for controlled card payment solution
Supplier Acceptance

- Best Practice Organizations pay 35% more suppliers with cards
- Best Practices
  - Employ issuer supplier enablement assistance
  - Clearly address supplier benefits

Source: 2014 Purchasing Card Benchmark Survey RPMG Research
# Program Optimization

## Definition

- Best practice evaluation process used to maximize commercial card program
- Focuses on process, policy and opportunity identification
- Provides best practice recommendations, financial business case, and action plan

## Benefits

1. Transaction Cost Savings
2. Rebate
3. Working Capital Improvement
4. Improved Supplier Management
5. Enhanced Control
6. Improved Cardholder Convenience
Program Optimization – Process

<table>
<thead>
<tr>
<th>Understand Objectives &amp; Challenges</th>
<th>Collect Data</th>
<th>Benchmark &amp; Capturing Opportunity</th>
<th>Commitment &amp; Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present Program</td>
<td>Collect and Analyze AP Data</td>
<td>Provide Benchmark Comparison</td>
<td>Obtain Executive Approval</td>
</tr>
<tr>
<td>Develop Initial Plan</td>
<td>Discuss Preliminary Findings</td>
<td>Identify Opportunity</td>
<td>Build/Execute Action Plan</td>
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<tr>
<td>Interview Key Personnel</td>
<td>Build Business Case</td>
<td>Measure Results</td>
<td>Conduct Additional Analysis</td>
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Opportunity Capture Approach

Long Term
Higher volume

Short Term
Lower volume

P-Card Slippage & Non-Card Travel Spend
Current Policy/Process Enforcement
Policy & Process Adjustment/Ghost Accounts
Payment Plus
U.S. Bank Optimization Supporting Products

Enhanced Product Suite

- Access® Online
- Travel VirtualPay
- Payment Plus
- Managed Spend/Event Planner
- Financial System Support
- Ghost Cards

- Comprehensive benchmarking and business case
- Best practice recommendations and action plans
- Supplier enablement assistance
### Sample Financial Benefit

<table>
<thead>
<tr>
<th>Benefit Category</th>
<th>Benefit Amount</th>
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</thead>
<tbody>
<tr>
<td>Rebate</td>
<td>$83,127</td>
</tr>
<tr>
<td>Transaction Cost Savings</td>
<td>$177,964</td>
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<tr>
<td>Cash Float Savings</td>
<td>$1,361</td>
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<tr>
<td><strong>Total Financial Benefit</strong></td>
<td><strong>$262,452</strong></td>
</tr>
</tbody>
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**Client Financial Benefit**
Getting Started - Eight Easy Ways to Optimize

• Require Card Usage for Small Purchases
• Increase Card Limits
• Expand Access to Cards
• Unblock MCC Codes
• Set up Ghost Accounts
• Target Specific Spend Categories
• Identify Payment Slippage
• Establish Card in Accounts Payable

Source: 2015 Visa® Program Optimization Research
Questions?
Thank You!

Presentations are available at: www.usbank.com/sp2presentations