



Case Study

Focus on Education: How Aurora Public Schools used the Wells Fargo MasterCard Multi Card to lower costs and benefit the schools

The Aurora Public School district is one of Colorado's largest, with over 4,000 employees, 45 school sites, and a budget of \$370 million.

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In 1999, Aurora decided to streamline operations by migrating its check payments for day-to-day supplies to commercial cards. Aurora chose Wells Fargo, a market leader in the deployment of Commercial Card solutions to the public sector. Says Mary Mazzochi, VP, Commercial Card Solutions Product Manager of Wells Fargo, "We think the public sector can benefit greatly from payment solutions originally designed for the private sector. From the outset of our relationship with Aurora Public Schools, we were convinced they would enjoy lower costs and greater convenience by embracing our suite of Commercial Card Products."

Aurora was similarly convinced. "The MasterCard Corporate Multi Card® Card, one of Wells Fargo's suite of Commercial Card Products, was easy to sell to the district," according to Curtis Humphrey, Materials Management Director at Aurora. "It easily addressed our standard accounting and auditing concerns; in fact, it actually worked better when compared to our purchase order and check-based system. And clearly it was going to eliminate some processing expenses."

If we apply estimated time savings to our most conservative estimates of processing costs, we are saving over \$100,000 per year at current transaction levels.

Over time, the Multi Card has helped Aurora reduce administrative expenses, but the value of the platform became especially clear in 2002, when the district faced an unexpected challenge.

More Space...and Less Paper!

In 2002, the Aurora Public School district faced new demand for space with no budget for facilities expansion. So Aurora decided to free up existing space by replacing much of its warehouse inventory—school, office, and custodial supplies—and institute a just-in-time ordering system from an outside vendor. This decision enabled Aurora to meet space demands without having to source millions of dollars for property and construction.



But that's not where the story ends: the outsourcing solution ended up yielding significant benefits beyond its original purpose. Most importantly, it gave Aurora the opportunity to find cost efficiencies and increase managerial control through the transformation of its inventory purchasing system. Before the shift to outsourcing, Aurora had a labor-intensive system for ordering and delivering supplies, using paper purchase orders, paper invoices, and paper checks. With the new solution, Aurora was able to distribute the ordering process and eliminate much paper-pushing by converting all payments for supplies to the Multi Card.

Turnkey Implementation...

It was quite easy to convert office supply payments to the Multi Card. No changes were required to Aurora's accounting or accounts payable systems. All Aurora had to do was obtain a Multi Card account number for each department. To ensure security and control, the departments were not given access to the actual MasterCard account numbers; when they ordered their supplies online from the outside vendor, the online ordering system mapped the order to the appropriate Multi Card account number. Level 2 data (Merchant Category Code and purchase order number) was also passed with the transaction detail, enabling Aurora's Materials Management department to systemically capture much of that essential information.

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Instant Improvement to the Bottom Line

Once implemented, the new card-based ordering system began to drive improvements to the bottom line immediately. "The biggest benefit by far has been the time savings in order processing," says Humphrey. "If we apply estimated time savings to our most conservative estimates of processing costs, we are saving over \$100,000 per year at current transaction levels. In addition to the time savings, we reduced our personnel budget by about \$60,000 because we didn't have to replace warehouse employees lost to attrition. All these administrative savings free up funds we can spend on educating our students."

The benefits to Aurora have gone beyond cost savings. End users of the new ordering system are delighted because they now receive their supplies faster, without having to learn new ordering or accounting procedures. And outsourcing the warehouse eliminates space constraints, giving users many more product choices. "We hardly experienced any bumps in converting to the new system," says Humphrey. "But the little bumps the schools did feel were miniscule compared to the huge benefits they experienced."

Increase of over 600% in card volume on their program—all in just over four years!

The Public Sector: A Major Growth Opportunity for Card Programs

"When our program was first implemented, the majority of our transactions were from retail stores and event registrations. Our traditional P.O. process was not set up to handle these types of purchases" says Humphrey. "The first large conversion from checks to cards was in the office/instructional supplies, then the custodial supplies and computers."

Since payments for office, school, and custodial supplies were shifted to the Multi Card, Aurora has observed an increase of over 600% in card volume on their program—all in just over four years! Average transaction size has also increased significantly—from \$126 in 2000 to \$328 in 2004.

The Multi Card platform is ideal for organizations with centralized purchasing units, which is the case in the public sector and some parts of the private sector. Wells Fargo has been very pleased with the results. "The incremental volume is great, but it's just part of the equation," says Christine Hunsucker, VP, Manager Commercial Card Division at Wells Fargo. "As they realize the value of the Multi Card, customers become more loyal and we can expand our relationships with them to include other products and services. And, of course, it's nice to have success stories that we can share with other prospects in the public sector." And in business development efforts across the public sector, Wells Fargo is using the Aurora Public Schools story to illustrate the many benefits of the Multi Card.

Aurora Public Schools: a Model for Successful Card Implementation



Other public sector entities—including, but not limited to, education systems—may also reap significant benefits by following the Aurora Public Schools example.

And why was the Aurora/Wells Fargo program so successful? Aurora:

- Recognized the core benefits of converting to cards—control, convenience, and cost savings—and presented the analysis to district administration to adopt the program by emphasizing these benefits.
- Selected an experienced Commercial Card issuer in Wells Fargo and relied on the bank's excellence in program implementation.
- Decided to move office supplies to the Multi Card, and ensured that their employees understood the financial benefits they would enjoy as a result of the transition, that thereby smoothing over any concerns about following a different process.
- Tracked bottom line improvements produced by the conversion and made sure to communicate these improvements to their constituents.

For more information on the business benefits of the MasterCard Multi Card, please call us at 1-888-321-9119, or visit us at www.mastercardbusiness.com.