

One Card Programs Continue to Gain Momentum: Delivering enhanced processes with reduced administration, facilitated e-procurement activity and increased employee satisfaction

Adopting One Card Shortens the Order-to-Pay Business Cycle

Building on established trends, use of One Card programs maintained dramatic growth during the past year. The 2000 *One Card Best Practices Study* (the “Study”) demonstrates that One Card programs are very efficient for organizations of all sizes. This solution enables organizations to shorten the order-to-pay business cycle by implementing multiple significant process enhancements. As a result, organizations reduce overall process effort and cost, reduce program administration effort, and enhance employee satisfaction.

Organizations that are considering re-engineering their payment processes can learn from the success

of the 28 U.S. organizations that participated in the 2000 Study (compared with 19 organizations in the 1999 Study). One Card programs deliver many important advantages, such as facilitating Internet purchases and maximizing e-procurement savings. Participants spanned various industries including manufacturing, utilities, government, banking, consumer business, publishing, service, technology, agriculture, education, oil and gas exploration, and real estate. Each participant has implemented a One Card program — with 57% having implemented a One Card program during the last two years.

Study participants' responses show:

- › *One Card programs optimize e-procurement efficiencies*
- › *Building a business case aids successful implementation*
- › *Effective communication is essential*
- › *One Card programs with central payment are more efficient*
- › *One Card programs enhance the expense reporting and card reconciliation processes*
- › *On-line reporting facilitates One Card program management*

The 2000 *One Card Best Practices Study* focused on commercial card programs that consolidated any two or three of the following types of business-to-business spending:

- › Travel & Entertainment
- › Operations Support Purchasing
- › Vehicle Fleet

Sponsored by MasterCard International, the Study was conducted by Deloitte & Touche from October through December 2000. Deloitte & Touche also conducted the 1999 *One Card Best Practices Study*. This executive summary highlights the 2000 Study's findings.

The Facts are Clear: One Card Solutions Continue to Increasingly Gain Users

The One Card momentum continues to build.

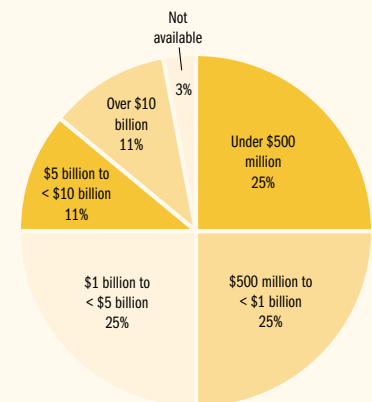
The 2000 *One Card Best Practices Study* shows why an ever-increasing number of organizations is adopting this solution to streamline their order-to-pay business cycle. Virtually every type of organization can benefit from a single card payment with improved efficiency and simplified management of business travel, operational support purchases, and vehicle fleet expenses.

A Closer Look at Study Participants

Length of Time That a One Card Program Has Been in Place

7%	Less than 6 months
18%	6 to fewer than 12 months
21%	12 to fewer than 18 months
11%	18 to fewer than 24 months
43%	More than 24 months

Organizations' Annual Revenue



1

One Card Programs Offer Significant Improvements Over Separate Programs

Echoing the 1999 Study, the three most significant improvements derived from a One Card program continue to be:

- #1. Reduction in overall process effort and cost
- #2. Reduction in card program administrative effort
- #3. Enhanced employee satisfaction

These results mirror the rankings for anticipated improvements, suggesting that One Card programs successfully met the expectations of the Study participants.

2

One Card Programs Help Make the Internet a Productive, Efficient Buying Resource

Internet purchasing continues to grow dramatically. Using a One Card program for e-procurement allows streamlined administration, reduced check payments, increased user convenience, and improved vendor relationships. Study results show that:

- › 68% of the respondent organizations use the Internet
- › Another 14% plan to start buying via the Internet in 2001
- › 70% use a One Card program for 85% to 100% of e-procurement purchases

It moves their business

Putting the charges on the One Card is quick and easy. We're able to decrease manual processing, reduce purchase orders, and improve our vendors' satisfaction because of more timely payments. The One Card simply helps move the business better. It helps our employees get their work done more efficiently. It works for us.

Audrey Wargo
One Card Administrator
Burlington Coat Factory

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Building a Business Case Allows Accurate Assessment of Expected Results

Comprehensive planning and preparation has many advantages. It enables organizations to assess potential costs, savings, and benefits. Managers of One Card programs can also determine their organization's decision-making criteria to select a card issuer, identify expected improvements, and choose implementation approaches. Among respondent organizations:

- › Half developed a formal business case before implementation
- › 90% developed an understanding of expected improved metrics prior to implementation

4 Communication Builds Acceptance with Both Executives and Employees

Senior executive support is critical for success.

Respondent organizations reported that ongoing support along with effective communication helps to sustain the program and deliver fully on potential benefits. The most frequent communication relates to new policies and procedures, with other efforts covering organizational benefits, requests for feedback, and user benefits. The top initial and ongoing methods for reaching employees are e-mail, meetings, and memos. Study findings show that:

- › 68% of organizations indicated that senior executives were actively supportive of a One Card program during implementation
- › 82% reported that the program received ongoing support

Communication that get results

Effective communication has been critical to our success. We communicated organizational and user benefits, described new policies and procedures, and requested feedback from our users. We used e-mails, the Intranet, memos, a printed brochure, and follow-up meetings to reinforce our messages. As a result, we have had widespread acceptance of the One Card program by our employees.

Mathew Martini
Integrated Business Process
Alliant Energy

Improved control, better processes

By using one payment process and one liability type, we have streamlined our processes, standardized our policies and procedures, and made the process easier for our cardholders.

Brian Swanson
Cash Manager
Del Webb Corporation

5 Central Payment Benefits Organizations with Increased Savings and Efficiency

With central payment, organizations pay the entire amount of card charges rather than have cardholders pay individually. Once employees account for their expenses, the rest is done for them. The ease of central payment helps to increase cardholder satisfaction. Central payment reduces process cost, reimbursement transaction volume, and administrative effort, and enables organizations to better manage disbursements to card issuers.

6 One Card Programs Result in High User Satisfaction and Acceptance

The level of One Card program acceptance is consistently high for all of the respondent organizations. On a scale that includes *actively resisted*, *resisted*, *accepted*, *fairly well accepted*, and *very well accepted*:

- › None of the organizations reported that the cardholders, administrators, or management resisted a One Card program
- › More than 90% rated acceptance by cardholders, administrators, and management as *fairly well accepted* or *very well accepted*

A way to build productivity and satisfaction

The One Card is an important tool to help us deliver our mission. As a result, our employees are much more satisfied and productive, and our processes are much more efficient. The Department of the Interior has achieved millions in bottom-line savings.

Debra Sonderman
Director of Acquisition and Property Management
Department of the Interior

7 Electronic Reporting Delivers a Variety of Management Benefits

On-line reporting is an effective tool for managing a single platform solution. It can save time in business planning and expense budgeting, financial analysis, and preparation and review of routine management reports. Top uses of on-line reporting are:

- › Management and ongoing administration of a One Card program
- › Providing cardholder access to transaction information
- › Improvement of cardholders' policy compliance
- › Delivering program status reports to senior management

With a One Card program, 96% of respondent companies receive on-line reports, or in one case, generate reports from a system based on electronic input from the card issuer. Easy and timely access to transaction information enables respondent organizations to streamline card program administration. On-line reporting also helps to:

- › Tighten overall control of the payment process
- › Improve timeliness of expense reports and card reconciliation
- › Streamline or automate expense reports and card reconciliation
- › Automate posting of transactions to the general ledger

8 Companies Gain Enhanced Reporting and Reconciliation

Nearly 70% of the respondent organizations are now using on-line expense reporting and card reconciliation with a One Card program. As a result, they have streamlined processing for expense reports and card reconciliation while delivering increased convenience for cardholders, enhanced policy compliance, and improved delinquency rates. A One Card program also enables more effective and efficient audits with the use of on-line transaction reports and event-driven exception reporting.

Transaction posting can also be automated to achieve large process savings. Prior to implementing a One Card solution, 70% to 86% of the organizations manually posted transactions to the general ledger. With a One Card program in place, 81% receive data feeds for automated posting.

Timely delivery of critical information

Now that we have implemented the One Card program at Sears, we no longer have to wait for 60 days to know what our 20,000+ cardholders have charged to their cards. Instead of wading through paper or CD media-based activity reports, we have on-line access to transactions within a few days, thanks to daily data feeds from our bank issuer through the Intranet.

Stephen Harmon
One Card Manager
Sears

For more information on the study,
contact Paul L. Hammond
E-mail: phammond@deloitte.com
Phone: (212) 436-2348

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