

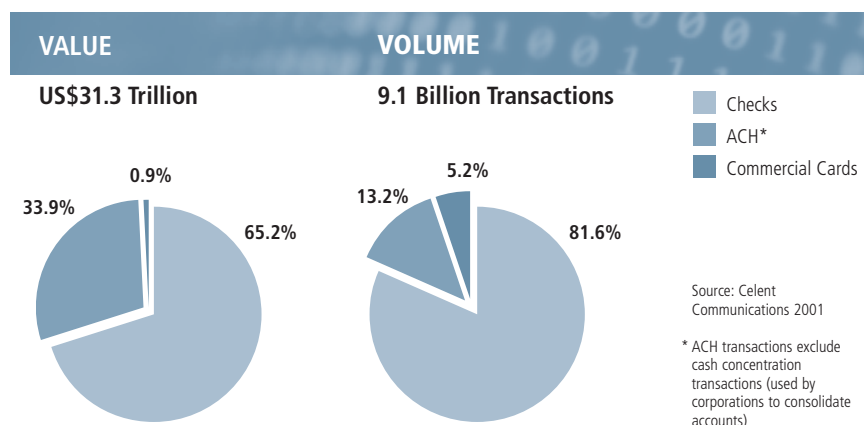


MasterCard e-B2B Solutions: The Choice Strategy for Seizing a \$30 Trillion Opportunity

Today, more than \$31 trillion worth of transactions occur in the U.S. B2B market.¹ Only one percent of those transactions, however, are initiated with commercial payment cards. At MasterCard International, we recognize that every additional percentage point shifted away from cash and check to a MasterCard®-branded transaction represents a significant number of new transactions – and increased profitability – for MasterCard member financial institutions.

“A core belief at MasterCard is that the adoption of electronic B2B payment systems is largely dependent upon the automation of the broader financial supply chain, from invoicing through payment settlement to reconciliation,” according to Steve Orfei, senior vice president of e-Commerce and e-B2B, MasterCard International. With the cycle consuming a minimum of 30 days, payment settlement accounts for a small fraction of the time involved.

“[U]ltimately, whether a corporation uses a paper check or a purchasing card, the clearing and settlement time saved is at most 10 percent of the entire cycle” notes Alenka Grealish, senior analyst, of Celent Communications. “Much of the pain, and hence the greatest potential gain, is in the other 90 percent, that is, in the process that leads up to payment settlement.”



MasterCard International is providing e-B2B payment solutions designed to help member financial institutions expand their card portfolios through cash and check displacement. In a recent report, Giga Research looked at the market and observed that, “while MasterCard and Visa are preparing to go head-to-head for B2B electronic payments, MasterCard, however, might have an advantage...” (January 2003).

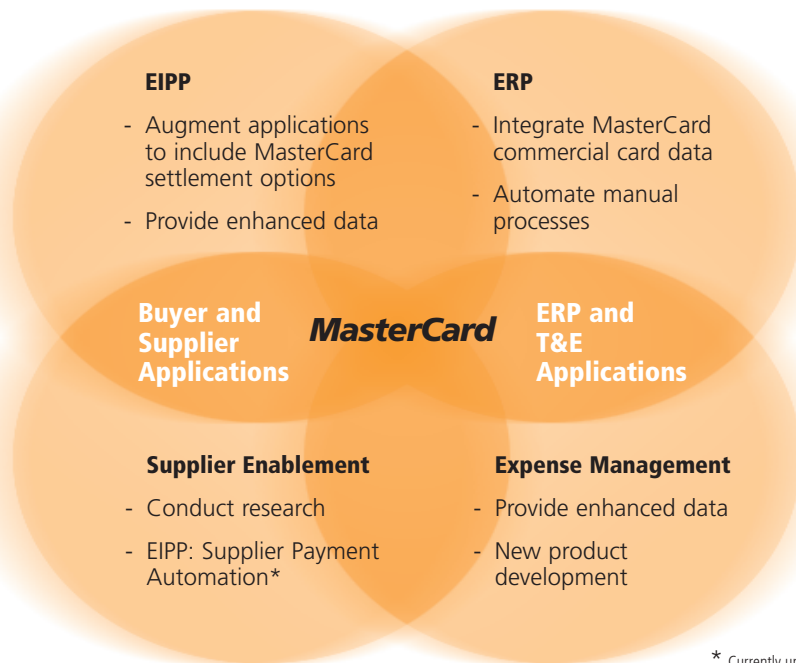
We believe the MasterCard advantage lies in our ability to understand and respond to the unique needs of businesses in implementing e-B2B payment solutions. The MasterCard e-B2B Choice™ strategy provides companies with flexible platforms and a range of vendors from which to choose. Our goal is to enable organizations to benefit from the efficiencies of a fully automated supply chain with minimum implementation costs.

This approach is winning broad recognition throughout the payments industry. MasterCard has been elected by the editors of Line56 to the “Top 56 e-Business Companies” list for e-B2B in 2002 as well as to InfoWorld’s “e-Business 100” list. As a senior analyst from Celent Communications stated, “MasterCard has taken the lead in executing against real e-B2B issues.”

¹ Source: Celent Communications 2002

The Big Picture

MasterCard e-B2B solutions integrate electronic payment options into the broader financial supply chain



* Currently under development

MasterCard has created several payment solutions that focus on the automation of those upstream and downstream financial supply chain processes to bring MasterCard member financial institutions the most powerful resources in the market with which to enhance their card portfolios.

MasterCard® e-P3™: The Next Level of Purchasing. Presentment. Payment.

How can businesses take a quantum leap beyond today's slow, labor-intensive, paper-based purchasing process? For MasterCard business-to-business customers, the solution is MasterCard® e-P3™², an electronic payment and information management service. This new breakthrough solution was introduced into the market via an alliance between MasterCard International and Xign Corporation, a leading provider of electronic invoice presentment/payment (EIPP) systems.

MasterCard e-P3 integrates MasterCard settlement options to provide paperless end-to-end electronic commerce. With this solution, buyers and sellers can collaborate within a single environment, streamline respective processes, and use the MasterCard Corporate Purchasing Card® for payment.

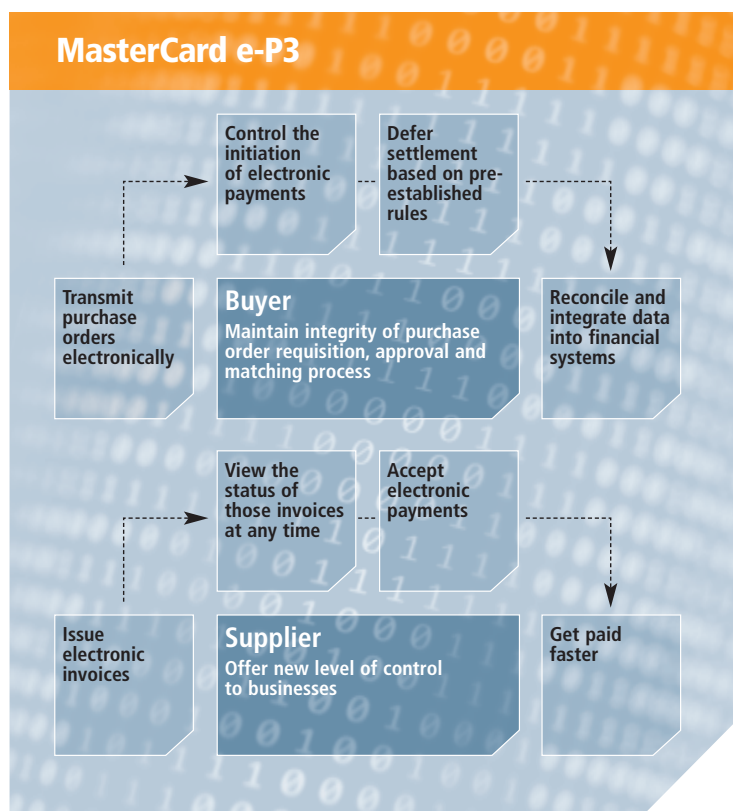
Using the new MasterCard e-P3, buyers can transmit purchase orders electronically, control the initiation of electronic payments, defer settlement based on pre-established rules, and reconcile and

integrate data into financial systems. Suppliers can issue electronic invoices, view the status of those invoices at any time, accept electronic payments, and ultimately get paid faster. Faster payments reduce a supplier's days sales outstanding (DSO), a key measure of supplier efficiency, improving cash forecasting and generally bringing a new level of control to the supplier's business. MasterCard e-P3 brings new clarity and efficiency to the trading process, resulting in strengthened trading relationships.

"Importantly, this service allows for purchase orders to be paid using the MasterCard Corporate Purchasing Card," says Phil Philliou, vice president of e-Commerce and e-B2B, MasterCard

International. "While many organizations use the purchasing card to settle smaller, non-purchase-order-related transactions, MasterCard e-P3 allows buyers to maintain the integrity of the purchase order requisition, approval and matching process while receiving the benefits of purchasing card settlement."

For MasterCard member financial institutions and their customers, this solution creates vast new opportunities to reinvigorate existing Corporate



² MasterCard® e-P3™ is the program name in the United States only. Outside of the United States, the program is referred to as the MasterCard-Enhanced EIPP Solution.

Levels of Line Item Detail

Level I

Basic information such as cardholder name, amount, date of purchase, and merchant category.

Level II

Includes Level I data plus information on sales tax and customer or accounting codes.

Level III

Includes Level I and Level II data plus invoice-quality line-item detail such as product codes, delivery zip code, freight charges, duty amounts, taxpayer identification number, minority status, sole proprietor name and more.

Purchasing Card programs, opening up new purchasing categories, extending into larger ticket transactions, full provision and use of Level III data, and increased management controls. The solution requires no incremental system development, and minimal disruption to existing operations.

MasterCard SmartLink®: The Missing Link™ in Enterprise Resource Planning Systems

As large and mid-size companies worldwide collectively pour huge sums into enterprise resource planning (ERP) systems, the promise of automating business processes and gaining operational efficiencies has universally become the “holy grail” for CFOs and heads of corporate procurement. Yet, despite today’s high investment levels, few companies have achieved the promise of automated integration of this data, and the streamlined procurement and expense processes that go with it.

Recognizing this enormous opportunity, MasterCard launched MasterCard SmartLink®³ in April 2001. MasterCard SmartLink is a comprehensive software solution that integrates MasterCard Corporate Purchasing Card® transaction data with ERP systems, such as SAP® R/3®. This singular innovation, which has been successfully implemented by clients in the United States, South Africa and Europe, recently became the first and only product in the market to be certified by SAP, AG for this purpose.

MasterCard SmartLink enables MasterCard Corporate Purchasing Card cardholders to automatically collect line item detail, split transactions across cost centers, approve transactions, generate invoices, merge data with the general ledger, automatically reconcile the issuing bank’s statement, and pay the bank on time, every time – all the while keeping a company’s ERP system totally intact with all its existing functionality and reporting unchanged. MasterCard SmartLink users can view their commercial card purchases within two to three days of the transaction.

MasterCard® ExpenSys™: Better Data, Better Decisions

Today’s paper reporting systems are demanding and unforgiving. A single wrong date or misplaced decimal point can tie up corporate executives with time-wasting review and approval cycles...and, once the expense report is submitted, all of this

“MasterCard has taken the lead in executing against real e-B2B issues...”

Celent Communications

information must be re-keyed into the company’s back-end system. Thanks to MasterCard® ExpenSys™⁴, the days of a business

traveler sorting through stacks of paper receipts, and typing and submitting paper-based expense reports are over.

MasterCard has made business travel simpler and more efficient with a range of fully electronic solutions for managing travel expenses. With MasterCard ExpenSys, companies that use the MasterCard Corporate Card® for business travel expenses can access employee card transaction data anytime, anywhere.

MASTERCARD EXPENSE MANAGEMENT PARTNERS

No matter what size your company is or what financial software you run, we've joined forces with these best-in-class expense management partners to best meet your specific T&E needs.



Concur Technologies, Inc.

Concur Expense is the world's leading T&E expense management solution that services companies of all sizes, including 7 of the 10 largest Global 100 companies.



Geac Computer Corporation Limited

A complete solution, Extensity application suite automates all employee-based financial processes including T&E reporting, time capture, and procurement.



Gelco Expense Management, a division of Gelco Information Network

Empowering over 1400 global businesses and public sector organizations to reduce travel expenditures and gain strategic insight into travel data intelligence.



Necho Systems Corp.

Expense management solutions targeted towards mid and large sized organizations. Necho goes beyond T&E focusing on all business expenses, improving control and efficiency.



Outtask

Outtask delivers the only end-to-end travel and expense management solution, combining Cliqbook™ and Vinnet™ to automate and control travel booking, expense reporting, and reimbursement.



PeopleSoft, Inc.

PeopleSoft's pure internet solution provides a real-time connection to expense processes, integrates expense approvals with budgets, and reduces costs with automated approval and reimbursement.



SAP, AG.

SAP Travel Management—an online solution for business travel—works with mySAP™ Financials and mySAP™ Human Resources for complete data integration and consolidation.

³ MasterCard SmartLink® is the program name in the United States only. Outside of the United States, the program is referred to as MasterCard's ERP Integration Program.

⁴ MasterCard® ExpenSys™ is the program name in the United States only. Outside of the United States, the program is referred to as the MasterCard® Expense System.

By building and maintaining a direct pipeline to travel expense management providers such as Concur, Geac, Gelco, Necho, Outtask, PeopleSoft, and SAP, companies can auto-populate and reconcile expense reports, enhancing productivity and control over general business expenses.

MasterCard ExpenSys supports a range of electronic solutions for companies, both large and small. By adopting these proven technology solutions, companies can better enforce compliance with corporate travel policies, reduce the costs and inefficiencies involved in processing paper-based expense reports, and quickly access the information they need.

“For businesses, the MasterCard e-B2B Choice™ strategy represents a long-awaited promise now ready to be fulfilled.”

The MasterCard Advantage

MasterCard provides its member financial institutions with an array of innovative solutions that are real and fully functional. Each of these solutions represents a significant opportunity to reinvigorate existing corporate card programs and greatly expand new programs. These cutting-edge programs reflect MasterCard's widely recognized leadership in providing financial institutions with the resources they need to enable their corporate customers to fully benefit from the efficiencies of electronic commerce. The opportunities have never been better to

grow market share and strengthen relationships with customers who appreciate the tangible value MasterCard's e-B2B solutions bring to their businesses.

For businesses, the MasterCard e-B2B Choice™ strategy represents a long-awaited promise now ready to be fulfilled. “MasterCard is providing payment solutions which give our member financial institutions and their corporate customers the power to pursue new opportunities in cash and check displacement, value exchanges of any size, and anytime, anywhere card acceptance,” concludes Steve Abrams, senior vice president, Corporate Payment Solutions, MasterCard International.

To take advantage of these proven solutions, speak with your MasterCard Customer Relationship Manager, or contact us at

1 888 321 9119 or e-mail us at **e-B2B@mastercard.com** or visit us at **www.mastercardbusiness.com**

MasterCard International

ELECTRONIC COMMERCE and ELECTRONIC BUSINESS-to-BUSINESS CENTER of EXCELLENCE

MasterCard's Electronic Commerce and e-B2B Center of Excellence, based in our Purchase, NY global headquarters, was established in 2001 to manage product development and support aspects of MasterCard's e-commerce offerings. This team seeks to ensure that MasterCard®-branded payment cards – consumer cards and corporate cards – play an important role in payment channels that are developing as the Internet continues to develop.

The Electronic Commerce and e-B2B Center of Excellence is also responsible for identifying, testing, and developing a range of emerging technologies which offer MasterCard and its customers new ways of building business. Examples of such technologies include remote authentication, Internet security, and MasterCard-sponsored research and development work currently underway at the MIT Media Lab and the MIT Sloan School of Business.

*MasterCard
International*

