

Expense Management Goes Global With A GE Capital MasterCard Corporate Card Program

AT - A - G L A N C E

As the marketplace becomes increasingly more global, tracking and controlling expenses on a worldwide scale becomes a business necessity.

To stay competitive, multinational corporations need to take a comprehensive, coordinated approach to handling expense management wherever they do business, worldwide. Now they can with an innovative offering developed by MasterCard and GE Capital.

This world-class solution, for the control and management of global expense reporting, helps multinational corporations increase business and process controls, enhance efficiency, and trim their bottom-lines.

Corporations, like the engineering and construction firm of Black & Veatch, are already realizing the benefits of this newly coordinated, global approach. With it, they are tracking their global business expenditures and managing expenses in an informed, efficient, and cost-effective manner.

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For multinational corporations doing business globally, keeping track of business and travel expenses has often been a fractured affair.

Domestically, businesses have a choice of established card brands and issuers. But abroad, it's a different story. So U.S.-based multinationals typically used one T&E card program to manage travel expenses for personnel based in the United States, and various payment methods to handle expenses incurred by employees situated elsewhere. Frequently, employees were asked to use their own personal cards to handle their business expenses.

If a multinational wanted to implement a T&E card program, it had to find a local issuer that met its requirements in each country where it had employees. Locating such issuers and determining their capabilities is a challenging, time-consuming job; nevertheless, it still solves only part of the problem. The real issue remains, tracking employees' travel expenses in

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GE Capital Financial Inc.

a meaningful way. Multiply the problem by the number of remote locations where a big multinational may be doing business, and you've got a serious expense issue that has a direct effect on the bottom-line.

Enter MasterCard International. In 1996, MasterCard made the corporate decision to fulfill this pressing business need. Its development of a global infrastructure to handle the worldwide reporting of expense data came from customer feedback voiced by its U.S.-based issuing banks. They wanted comprehensive, timely transaction data from all of their global business locations contained in one place. This consolidation of transaction information would provide not only timely, accurate, and comprehensive data, but also the critical ability to track and compare expenses from around the world.

Common Language

MasterCard embarked on an ambitious program to create a global standard for the capturing and reporting of expense information. In the infrastructure it built, MasterCard

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sought banks in local markets, worldwide, that became part of this global network. These institutions were willing and capable of handling MasterCard's specific data transaction requirements. The banks had to be able to service their customers themselves and work with a MasterCard U.S. issuer to serve multinational clients. Additionally, these local banks had to be issuing a similar product in their own market.

In the exclusive expense-reporting product that MasterCard developed, each of these local/alliance banks provides a level of MIS data in a defined format—dubbed common data format (CDF)—for each product function.

This information is sent daily, via the Internet, to the MasterCard Central Data Repository in St. Louis, and is available to the multinational's U.S. issuer.

"The banks in our MIS network stand out in their local markets," explains Armando Alemany, Vice President, Business Development, MasterCard. Alemany worked on signing up the 17 banks, representing 19 nations outside of the United States, that provide transaction information to the Central Data Repository. These banks now form MasterCard's growing global MIS network. "They typically set the standard in their market and have experience with the large corporate customer," says Alemany.

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Issuer Foresight and Support

Critical to the success of the MasterCard program, was teaming up with the right issuer. GE Capital shared MasterCard's vision and saw the need for a worldwide, business-to-business payment solution, based on feedback from its own U.S. customers. GE Capital collaborated with MasterCard to establish a worldwide network of issuers and helped identify local alliance banks. Currently, GE Capital is involved in 15 alliance relationships giving it issuance capabilities in most of the major economies around the globe.

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"We made our own investment in software so that we could handle the MasterCard CDF standards around the world," explains Pete Ringger, Global Business Development Manager, GE Capital. "The fastest growing opportunity for our business is the multi-national client."

Black & Veatch Looks for a Worldwide Solution

Black & Veatch, a U.S. \$2.4 billion, leading global engineering and construction firm, had no coordinated expense management program for T&E expenses.

Bob Bell, Vice President and Director of Strategic Initiatives and Alliances, based in Black & Veatch's U.S. headquarters in Kansas City, MO, spearheaded his corporation's effort to find a global way to manage and control T&E expenses.

"We were handling our travel expenses as most multinationals do," explains Bell. "In the United States, we had a card issuer who took care of our domestic employees only. Overseas,

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for the approximate 1,000 employees, of the 9,000 in our company, there was no coordinated approach. Each office handled expenses in its own way."

According to Bell, because individual offices didn't have the resources or clout to launch an individual T&E card program via a local banking alliance, most of Black & Veatch's international employees were asked to use their personal cards.

"The problems were many," explains Bell. "We had no way to track expenses on a country-by-country or overall corporate basis. The personal cards were often of no use because most employees had credit limits that made it

impossible to charge the expensive international airfares necessary to perform their jobs.”

To remedy the situation, Bell issued a Request for Proposal (RFP) with the hope of finding an international program that would handle the company’s T&E expenses, worldwide.

“There was not a lot to choose from when it came to comprehensive programs,” says Bell. GE Capital responded to the bid with its innovative MasterCard Corporate Card® program and won the business.

The Ease of Keeping Track

Now almost two years into its multinational Corporate Card solution, Black & Veatch is realizing significant benefits.

“It has transformed the way we handle and manage expenses,” Bell explains. “We have a program in our Hong Kong and Singapore offices and are in the process of instituting a program in London.”

“First and foremost, we now can track global T&E expense details in one system,” continues Bell. “And this basic information was

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something we didn’t have before. This new comprehensive approach also gives us, at the home office, simple audit capabilities. Finding out where monies are being spent is an easy task.” In addition, instituting policy changes across the board can be readily accomplished.

“Knowing what we’re spending has given us tremendous negotiating leverage with vendors, particularly the airlines,” continues Bell. “Typically, international airfares are very expensive with huge markups. We can now show the airlines, in detail, not only the volumes we’re spending but also where we’re flying. With this information, we’ve been able to negotiate significant discounts.”

The discounts don’t stop with the airlines. Bell is using

this data and the increase in volume that Black & Veatch’s more inclusive card program produces, to negotiate a more cost-effective card program from GE Capital. “It’s a win/win situation for us both,” he says.

As an enthusiastic proponent of this global approach, Bell has one problem. He wonders why it has been slow to catch on with other multinationals. He has some thoughts. “I think there is a basic misconception about the program that’s standing in the way of more widespread adoption,” says Bell. “Corporations, I believe, have the idea that their international offices will be relinquishing control to their U.S. headquarters. That’s simply not the case. Each international office runs its own program working with its local alliance bank.”

“The role of the home office,” says Bell, “is to track overall expenses and identify trends. Our Hong Kong office is still responsible for its own budget as it was before we instituted the card program,” he explains, “but now they have better tools to manage their spending.”

Multinational Customer Benefits

For multinational customers, the solution provided by MasterCard and GE Capital takes them to the next level of expense management and control.

The ability to see expense spending by country just scratches the surface of what MasterCard's global expense reporting program can provide. Better expense analysis and forecasting can be achieved because companies have the ability to report data in whatever currency they wish. Spending comparisons

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in like denominations are made via the MasterCard Central Data Repository.

MasterCard, via MasterCard Smart Data OnLine™, a web-based reporting application, offers over 30 standard reports, and the ability to create custom export files to analyze and manipulate spending data. With this

information, corporations can increase efficiency and make the best use of their travel expenditures.

For employees, use of one card makes life on the road much easier. They no longer have to use their own personal credit cards, carry a lot of cash or travelers checks, or several different cards. Expense reconciliation is quick and easy.

With the MasterCard® brand, they have cash availability in 99 countries at more than 601,000 ATMs. The MasterCard card is accepted at over 22 million locations in 220 countries. If they have a problem, MasterCard Global Service replaces lost or stolen cards and delivers cash to cardholders wherever they are. Help is a phone call away in any language.

Bringing control and discipline to worldwide travel and entertainment expenses, the GE Capital MasterCard Corporate Card program provides a competitive edge for multinational corporations striving to succeed in a global marketplace. It's a proven way to improve

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efficiency, trim costs, and develop overall operational effectiveness.



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Comprehensive Program

The success of any card program is in the details. The strength of the GE Capital MasterCard Corporate Card program lies in its global network of local banks. These banks have been carefully scrutinized and certified as being up to the task of providing not only comprehensive transaction data, in a common format, but also by meeting high levels of customer service.

Shaping the local country program for a multinational client is the job of the MasterCard U.S. issuing bank. In the case of Black & Veatch, they had the proven track record of GE Capital to assure them that the card program they wanted would be exactly what they would get.

GE Capital worked with its local alliance bank in Hong Kong to guarantee Black & Veatch that customer care was a top priority. GE Capital covered all aspects of a complete card program to make doing business abroad an easy experience for Black & Veatch and its employees.

As was the case with Black & Veatch, the alliance between GE Capital and Mastercard allows

multinational clients to determine service levels on every aspect of their card program, including:

- New application processing
- Replacement card processing
- Response to customer correspondence
- Cardholder maintenance—updating customer profiles
- Speed of statement generation after monthly cut-off date
- Customer service—24/7
- Call answering rate—number of calls handled, speed of response
- Accuracy of calls/service
- Authorization hot line—speed of response

Once the program was structured, Black & Veatch relied solely on the bank in Hong Kong for support in the market. But the help and intercession of its U.S. issuer, GE Capital is always available should the need arise.



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