

Taking a Card Program Global

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Agenda

- Bank of America advanced practices
- Hollister Incorporated case study

The Benefits Are Globally Scalable

- Strategically optimize payments
- Use robust platforms for flexibility and control
- Help to enhance an existing paper-to-electronic payments strategy
- Take advantage of the growing ubiquity of acceptance
- Help to avoid FX fees by transacting in local currencies

Understanding Regional Differences is Key to Program Optimization

- The U.S., U.K., and Australia are mature markets, especially for PCard
- Regional and country differences in card programs drive the need to:
 - Utilize different product capabilities
 - Understand local card and cultural nuances
 - Understand different regulatory environments

Considerations within Europe: A Good Place to Start

Cultural Issues and Program Complexities include:

- Lack of or limited local currency product availability
- Security standards (i.e., CHIP cards) limiting merchant acceptance
- Employee familiarity with commercial cards less common in Eastern Europe
- Local payment practices—e.g., centralized booking systems for air travel
- Individual liability restricted under local employment laws
- Less emphasis on loyalty programs

Considerations for Asia

Challenges remain in emerging markets:

- Strong local commercial card issuers, high degree of nuances
 - Cumbersome in countries with distinct currencies and legal and regulatory environments
 - Value in leveraging a global issuer's legal due diligence
- Examples of challenges across Asia:
 - Inconsistent use of cards as a cultural norm
 - Employees less familiar with, and welcoming of, cards
 - Limited merchant acceptance beyond Hong Kong, Singapore, Australia, and New Zealand
 - Limitation of card issuers in China to locally incorporated banks. Use of dual currency cards due to currency control

Considerations for Africa, the Middle East and Latin America

Other challenges in emerging markets:

- Africa and the Middle East
 - Use limited to foreign companies in cash-oriented Middle East economies
 - Lack of local currency commercial card options outside of South Africa; typically regional coverage via global issuance from the U.S. or Europe
- Latin America
 - Varying product capabilities of local commercial card issuers
 - Less robust card acceptance compared to mature markets

The Myth of One Global Solution across Countries

Difficult for one issuer to address all nuances

- Varied capabilities and acceptance of commercial card offerings among major card issuers
- May be more valuable for local subsidiaries to keep program in place
- Implementing a generic U.S. based program may create challenges

Strategies for Global Card Program Optimization

Questions

- What's the best currency to use in a country?
- What's the best way to structure a program to ensure compliance with local laws and regulations and to optimize the program within cultural norms?
- How can I leverage my global banking provider to
 - Build out my program in local currencies
 - Support due diligence on local banks
 - Ensure consistent service levels
 - Consolidate data globally

Choosing the Right Approach to a Global Program

Leverage your Banking Providers to:

- Assist you with issuing an RFP
- Provide their intellectual capital to optimize your program
- Implement a global program that integrates best practices by country and region
 - Direct issuance
 - Direct issuance combined local partnerships or consortiums
- Provide completed due diligence on partner banks and legal and regulatory requirements
- Facilitate data consolidation globally
- Provide a central implementation manager and account manager with global program ownership

Tangible Benefits to Globalizing a Commercial Card Program

- A single view into purchasing, travel and entertainment spend enterprise-wide
- Ability to implement consistent controls, common purchasing tools and uniform policies around the globe
- Having cards as a convenient tool for enabling start-up expenditures
- The benefits associated with payments optimization globally

Hollister Incorporated

- Global manufacturer of medical devices
- Privately held, employee owned
- Headquarters in Libertyville, Illinois
- Manufacturing in Denmark, India, Ireland and United States
- Sales offices in 30 countries
- 3,000+ employees

Hollister Products



Dansac Novalife Features and Benefits

Closed Pouches 1 and 2 piece

- Release tab**
The barrier can be simply and securely removed thanks to the easy-to-use orange non-adhesive release tab.
- Off centre starter hole**
The off centre starter hole on the cutting guide means that the pouch sits lower on the abdomen, making it easier to hide.
- Water repellent cover**
The soft fabric of the pouch is water repellent and will stay dry even when bathing.
- Oval shaped barrier**
The unique oval shaped design suits the natural curves of the human body and ensures that the adhesive area is positioned where it is needed most.
- Highly effective Novalife filter**
Membranes on both sides of the Novalife filter protect it from the contents of the pouch as well as from water outside and make Novalife filter patches unnecessary. The filter can expel a large amount of gas very quickly, which minimises the risk of the pouch ballooning.
- Low headspace**
The pouch area above the barrier has been minimised, which reduces the height of the pouch thus making it more discreet and prevents it from slouching.
- Secure adhesion**
The surface of the barrier is frosted around the stoma then tapers towards the edges to provide secure and gentle adhesion to the skin.
- Skinfriendly barrier**
The highly skinfriendly composition of the GK Hydrocolloid barrier is based on natural ingredients and is proven over many years.
- Secure and flexible coupling**
The pouch and the wafer are securely connected by the proven coupling system. The ring moves freely to enhance the way the wafer follows the contours of the body.

NOVALIFE

dansac

Program Started

- One Card program for travel, entertainment and procurement
- Implemented in 2002
- Reporting system is MasterCard's SDOL and SDGen2
- Interfaces with SAP

Program Started

- Corporate liability program
- Card and cash expenses are managed through single program with direct deposit reimbursement

Program Expanded

- Additional expense categories (freight, IT, conferences, office supplies)
- Purchasing cards
- ePayables as electronic payables system
- 800+ cards in U.S.

ePayables Program

- ePayables as electronic payables systems
- Drives card transactions through SAP
- Initial estimate of increased spend has not been realized
- Dedicated time to grow program limited
- Interchange fee is a negative for vendors

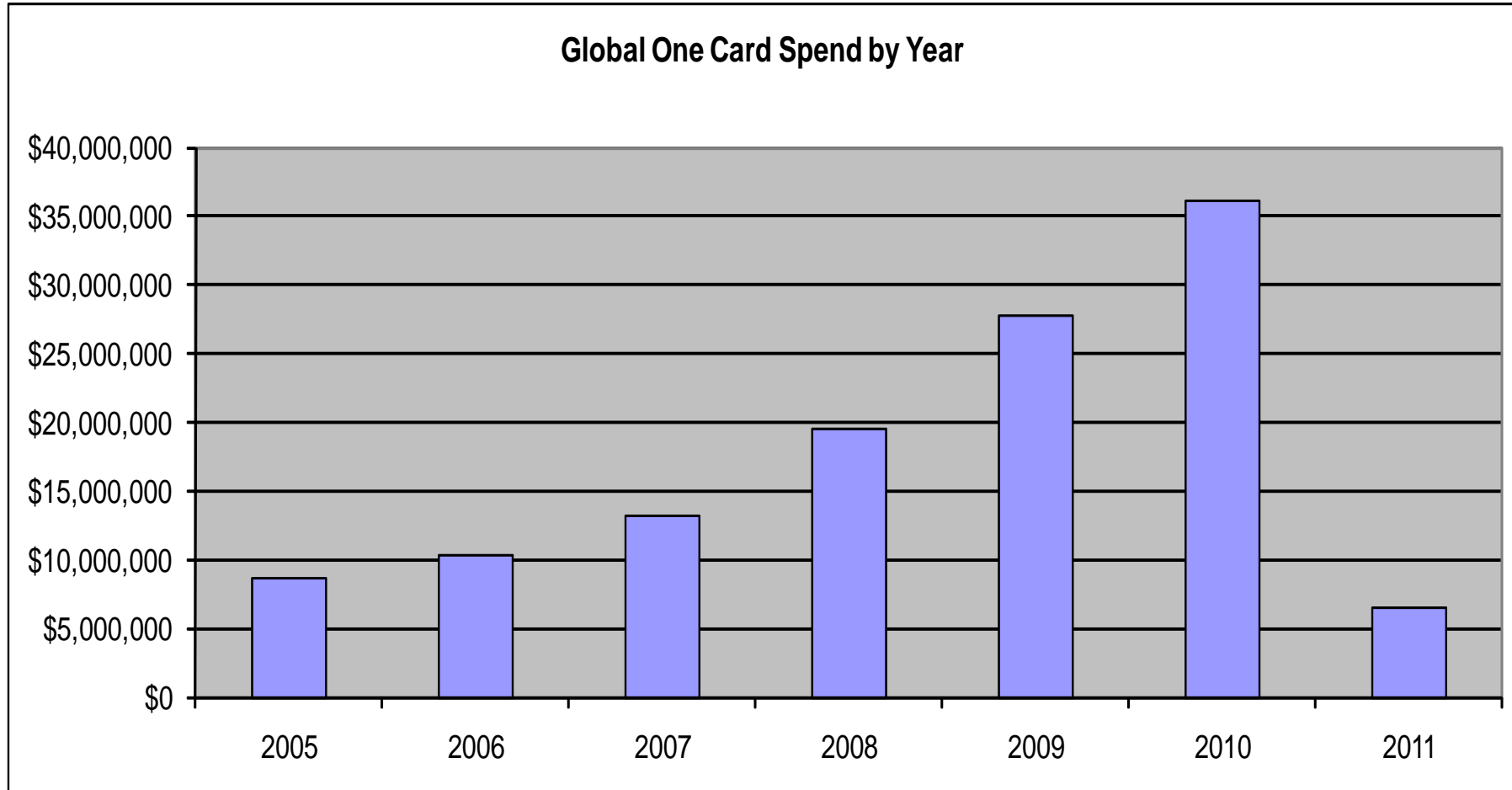
Global Expansion

- Global expansion to:
 - Canada (CAD)
 - India (USD)
 - Ireland (EUR)
 - Germany (EUR)
 - Netherlands (EUR)
 - Spain (EUR)
 - United Kingdom (GBP)
- Expanded as currencies became available

Global Platform - UK

- UK created Nurse Sponsorship Purchasing Card
- UK now processes specific vendor invoices through purchasing card
- Internal Audit department recognized opportunity
- New purchasing card allowed Europe to reach revenue rebate for first time

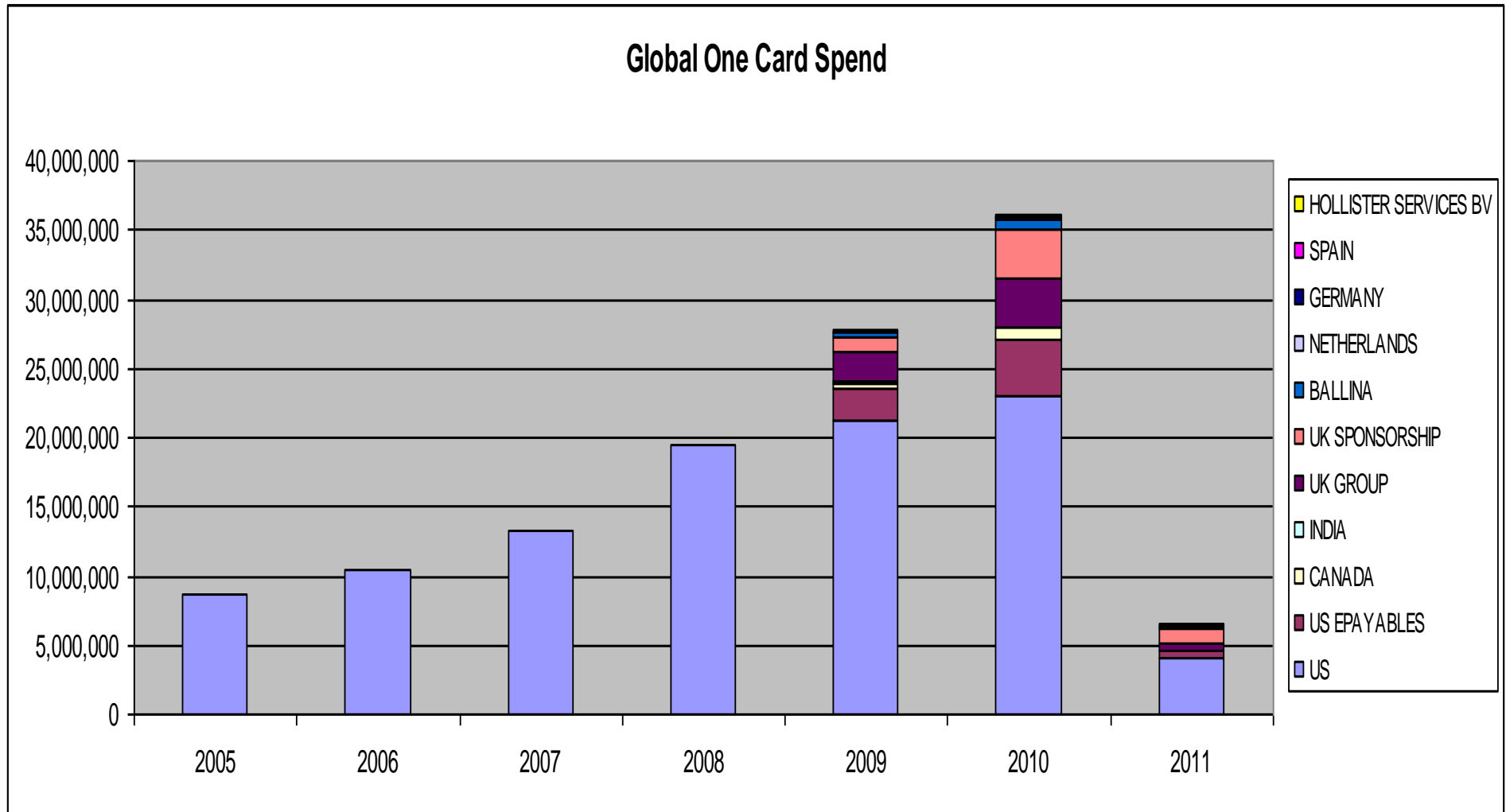
Global One Card Spend By Year



SD Purchasing Card	E-payables Freight & IT Purchasing Cards	US/Canada UK/Ballina Netherlands/Germany Nurse Sponsorship NV Purchasing Card	SD MRO Card Spain Services BV	AP Purchasing Card Italy France Germany Expansion
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Annual Spend



Program Challenges - US

- Maintain growth of program
- Program administration (dedicated or part time)
- Timely expense reports
- Auditing receipts

Program Challenges - US

- New transactions/issues as program grows
 - Recovery of VAT transactions
 - Sales tax being accounted properly
 - Vendor history not in SAP for Purchasing Cards
- Credit card fraud

Program Challenges - Global

- International programs are separate
 - Multiple international administrators, or
 - One global administrator
- Reporting requirements are different for countries
 - VAT/GST
 - Per diem

Program Challenges - Global

- Implementing to non-SAP locations
 - Different ERP software
- Need more countries and currencies

Lessons Learned

- Leverage SAP to grow the program
- Chip and Pin functionality
- Fraud controls and review
- Auditing receipts
- Local implementations

Lessons Learned

- Worked with global, cross functional team to grow the program (strategic sourcing)
- Gained senior management support, spend and rebate is reviewed monthly

Next Steps

- Add more countries
- Expand ePayables globally
- Leverage card spend and prompt pay discounts
- Supports global, Working Capital Optimization initiative