

American Express® Corporate Purchasing Solutions can provide quantifiable benefits for your business

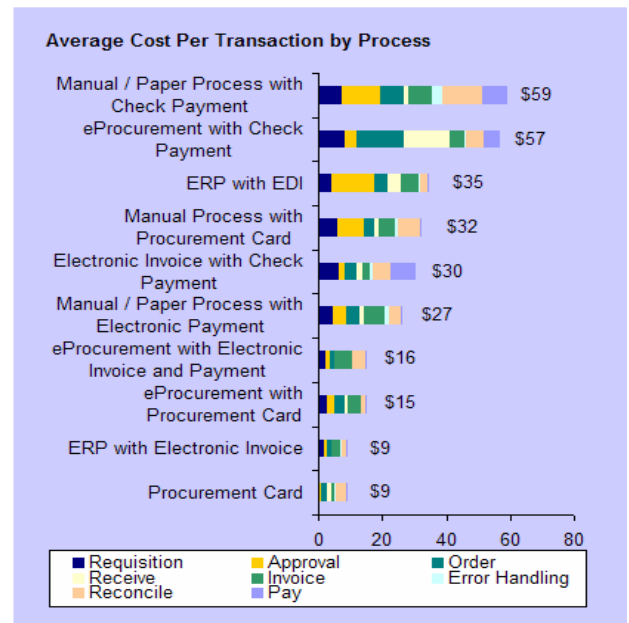
Controlling indirect costs is a challenge for nearly every company. For more than a decade, American Express Corporate Purchasing Solutions has helped companies meet that challenge, with an innovative program that sets the standard for cost control in purchasing.

A recent in-depth study conducted by Accenture, commissioned by American Express, identified three key areas of savings opportunities associated with the implementation of a purchasing card program.

Reduce Process Costs as much as 85%

Companies are using a wide range of Source-to-Settle processes with varying degrees of automation to control process costs. Companies plan to expand the use of eProcurement systems and Procurement Cards to streamline processes. According to the Accenture study:

- An end-to-end paper process is still the most common process for indirect spend and is the most expensive, averaging \$59 per transaction. Procurement Cards have experienced significant growth in spend and transactions, averaging \$9 per transaction.
- Order-to-receipt (front-end) process costs have decreased as eProcurement, ERP systems, and Procurement Cards have been implemented. Companies are beginning to focus on invoice-to-payment (back-end) automation to further drive down process savings.
- 96% of companies do not require a purchase order when a Procurement Card is used.
- Regulatory and compliance pressures have impacted the approval process, now one of the highest cost drivers. On average, companies require approval for 73% of their requisitions with an average threshold of \$650.
- Order-to-receipt cycle time decreased from 12.5 days in 2003 to just 3 days in 2007. Additionally, the average order error rate is down from 10% in 2003 to 7% in 2007. Both drops are attributed to increased automation.



American Express Corporate Purchasing Solutions are designed to streamline every step in the purchasing process, while providing information necessary to manage spend on a global basis. Whether you are interested in learning more about the advantages of implementing Purchasing Cards or looking to expand your existing program, American Express delivers tailored solutions with the account support you need to meet today's increasing demands.

Improve Sourcing Effectiveness by 1%

Procurement Cards benefit spend consolidation by helping companies rationalize suppliers and build an effective supplier strategy. In addition, insightful data can provide vital information to negotiate vendor contracts. The Accenture study revealed:

- Companies focused on spend consolidation report an average savings of 3.4% for indirect spend, 24% is attributed to Procurement Cards.
- Indirect commodity spend has increased to 53% of companies' expenditure.
- Contract discounts vary by commodity ranging from utilities (4.9%) to office supplies (11%). Overall, contract savings average 8%.
- Companies plan to place more spend on existing commodities and add new commodities such as utilities, meetings, and professional services as companies adopt electronic invoice and payment solutions.
- Information capture including basic merchant information, sales tax information and customer specific ship-to information provides visibility for spend analysis and contract negotiations.

American Express Corporate Purchasing Solutions help companies negotiate greater average contract discounts with key suppliers. Whether you continue purchasing from current vendors or leverage our vast network of key suppliers, we will provide you with industry leading spend data, flexible spending controls, and unsurpassed data accuracy.

Drive Compliance Improvements up to 33%

Now more than ever, companies need to proactively comply with financial regulations and internal spending policies. Procurement Cards offer companies concerned with maverick spend an array of controls to help with policy compliance. Key findings from the Accenture study show:

- Policy compliance increased an average of 33% after implementing a Procurement Card program, primarily attributed to the numerous control features offered by Procurement Cards.
- 52% of companies mandate the use of Procurement Cards for specific commodities.
- Companies without a Procurement Card program report average preferred supplier contract compliance at 81%, while companies that utilize Procurement Cards have higher compliance at 86% (up from 68% in 2003).
- Average procurement benefit achieved for regulatory & tax has risen to 9% (compared to 1.4% in 2003). 12% is contributed by Procurement Cards.
- Over 77% of transactions capture sales tax information useful in sales and use tax reporting and tax audits.

American Express Corporate Purchasing Solutions features customizable controls to improve employee compliance. Additionally, real-time reports provide spend visibility to help enforce internal policy compliance and confirm regulatory compliance.

For a copy of the entire Accenture report, please contact your American Express representative. To learn more about how American Express Corporate Purchasing Solutions can benefit your company, please visit corp.americanexpress.com/purchasing.